XPEDIATOR PLC Annual Report For the year ended 31 December 2022

XPEDIATOR PLC

ANNUAL REPORT 2022

XPEDIATOR
PLC

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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.

On 4 May 2023, the Board recommended an Offer from DLM Bidco Limited (a newly incorporated entity indirectly owned by a consortium comprising the Company's largest shareholder, Cogels Investments Limited ("Cogels"), the investment vehicle of close family members of Stephen Blyth (former CEO of Xpediator), funds managed by Baltcap, one of the largest private equity investors in the Baltic states, and Justas Versnickas, the Managing Director of, and 20% shareholder in, Delamode Baltics, a subsidiary of Xpediator) to acquire the entire issued, and to be issued, share capital of the Company. The Offer comprises 42p cash per share ("Cash Offer") and a special dividend of 2p which values the Company at approximately £62.3m. Under the terms of the Offer, a loan note alternative will be available to eligible shareholders, which will enable them to elect to receive loan notes in lieu of part or all of the cash consideration to which they would otherwise be entitled under the terms of the Offer. The shareholder meetings for eligible shareholders to approve the Offer (being structured as a Scheme of Arrangement) are scheduled for 7 June 2023.

2022 Overview & Highlights

Freight Forwarding Revenues
£312.7m
(2021: £233.6m)

Warehousing & Logistics Revenues
£65.6m
(2021: £56.7m)

Transport Support Services Revenues
£8.4m
(2021: £6.3m)

Increase in Revenues
30%
(2021: 34%)

Increase in Profit Before Tax
52%
(2021: 10%)

Increase in Adjusted Profit Before Tax
21%
(2021: 25%)*

Decrease in Adjusted Earnings Per Share
(18)%
(2021: (4)%)

Net debt
£3.6m
(2021: £4.8m)

2022 Operational Highlights

- Continued exceptional performance in the Freight Forwarding Division, especially in the Baltic region, the largest region for the Group in terms of revenue and profit.
- Profitable performances by both the Transport Support Services and Romanian Warehouse & Logistics Divisions helped the Group achieve a particularly strong second half performance.
- The UK Logistics Division, underwent significant change during the period, including post year end, the closure of the Beckton warehouse.

2022 Financial Highlights

- Significant organic growth with Group revenue increasing 30% to a record performance of £386.7m (2021: £296.6m) with a particularly strong contribution from the Group's largest division, Freight Forwarding.
  - Freight Forwarding delivered revenue of £312.7m, an increase of 34%.
  - Warehouse & Logistics delivered revenue of £65.6m, an increase of 16%.
  - Transport Support Services delivered revenue of £8.4m, an increase of 35%.
- Adjusted profit before tax of £11.0m, up 21% (2021: £9.1m).*
- Reported profit before tax of £6.5m (2021: £4.3m).
- Adjusted basic earnings per share of 3.03 pence (2021: 3.68 pence).
- Basic loss per share of (0.13) pence (2021: earnings per share 0.29 pence).
- Net cash generated from operating activities was £17.7m (2021: £4.7m).
- Net debt position of £3.6m (2021: net debt of £4.8m) improved due to strong trading across the Group, particularly in Delamode Baltics, but also as a result of greater focus on turning around the loss-making UK entities.

Recommended Cash Offer

- On 6 April 2023, Xpediator announced a recommended cash offer by DLM Bidco Limited, of 44p per share comprising 42p in cash and a special dividend of 2p (the "Offer").
- Under the terms of the Offer, a loan note alternative will be available to eligible shareholders, which will enable them to elect to receive loan notes in lieu of part or all of the cash consideration to which they would otherwise be entitled under the terms of the Offer.
- The Xpediator Directors, who have been so advised by Zeus Capital (financial adviser to Xpediator) as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable.
- Shareholder meetings will be held on 7 June 2023 at which eligible shareholders will vote on the proposed Offer.

* Adjusted profit before tax is set out in Chief Financial Officer's report and includes adjustments for the amortisation of intangibles, impairment, the impact of the application of IFRS16 and exceptional items.

Interim Chairman's Statement

Introduction

I am pleased to present these results for the 12 months to 31 December 2022. The Group generated revenues of £386.7m, a 30% increase over the prior year and adjusted profit before tax of £11.0m, up 21%. Statutory profit before tax was £6.5m, up 52%. An excellent performance and further enhanced by the progress made with reducing net debt, being £3.6m at 31 December 2022 substantially down from the £8.0m at 30 June 2022.

Trading has begun positively in 2023 and we expect the business to continue to grow throughout the current year. At the same time, we remain aware of potential challenges. To date, we have managed to offset any reduction in trade due to the conflict in Ukraine with sales increases in other markets, and whilst globally markets remain challenging, we will continue to operate within our capabilities and not over extend ourselves.

Recommended Offer

On 4 May 2023, the Board recommended an Offer from DLM Bidco Limited (a newly incorporated entity indirectly owned by a consortium comprising the Company's largest shareholder, Cogels Investments Limited ("Cogels"), the investment vehicle of close family members of Stephen Blyth (former CEO of Xpediator), funds managed by Baltcap, one of the largest private equity investors in the Baltic states, and Justas Versnickas, the Managing Director of, and 20% shareholder in, Delamode Baltics, a subsidiary of Xpediator) to acquire the entire issued, and to be issued, share capital of the Company. The Offer comprises 42p cash per share ("Cash Offer") and a special dividend of 2p which values the Company at approximately £62.3m. Under the terms of the Offer, a loan note alternative will be available to eligible shareholders, which will enable them to elect to receive loan notes in lieu of part or all of the cash consideration to which they would otherwise be entitled under the terms of the Offer. The shareholder meetings for eligible shareholders to approve the Offer (being structured as a Scheme of Arrangement) are scheduled for 7 June 2023.

Our people

As ever, it is the people within the business who drive its success. We know this and we have worked to increase our focus and investment in individuals and provide collaborative work environments. Our objective remains for the Group to be seen as an employer of choice. We believe that employee satisfaction continues to improve and through our employee surveys we are listening to our teams and making their input part of the future changes we make.

2022 was a successful year for the business and on behalf of the Board I would like to thank everyone in the business for their significant contributions.

Board and management changes

During the year there were several changes to the Board. In March, Mark Whiteling, Non-executive Chairman, and Stephen Blyth, Non-Executive Director ("NED") and Founder, stepped down from the Board. Rob Riddleston stepped in as Interim Chairman from 25 March to 1 June 2022. In June, Richard Myson re-joined the Company as Chief Financial Officer having previously worked for the Group for 16 years, replacing Mike Williamson the outgoing Chief Financial Officer. Mike Stone joined as Interim Chief Executive and I joined as Interim Non-Executive Chairman. Mike Stone replaced Wim Pauwels who had stepped in from his NED role to Interim Chief Executive. Wim left the Company on 31 May 2022. On 6 April 2023, Mike Stone advised the Board of his intention to step down from his role of Interim Chief Executive and from the Board before the Offer completes but no specific effective date has yet been agreed.

Operational targets

From June 2022, the new management team reviewed the entire business and concluded that while the majority of the Group was performing well and driving growth for the business as a whole, there were some key areas of underperformance. The second half of 2022 was successfully focused on addressing these issues.

The first objective was to reduce the level of net debt which at 30 June 2022 was £8.0 million and needed to come down to a more sustainable level which we have achieved already and the goal remains to move close to a net cash position by the end of 2023.

The business review also highlighted the opportunity to achieve greater operational efficiencies across the business and reduce the cost base of the Group, without impacting the quality of service we provide to our customers. This process is well advanced and is already generating material savings.

From a trading perspective, the UK businesses have lagged the performance of those on the Continent for some time both in Freight Forwarding and Logistics. UK Freight Forwarding has over the last six months improved under the leadership of Justas Versnickas, MD of Delamode Baltics UAB. Similarly, under Alberto Llames Romero, Head of UK Logistics, this division has been restructured including the closure of the Beckton warehouse and is now on a much-improved footing, albeit with continual assessment of warehousing performance and with other remedial actions available that can be taken as required.

Dividend

The Board is not recommending a final dividend to be paid to shareholders, and no interim dividend was paid during the year. In 2021 a total dividend of 1.10p per share was paid.

However, pursuant to the Offer and conditional upon shareholder approval and the Offer completing, a special dividend of 2p per share will be paid by the Company, further details as to the timing of which will be provided in due course.

Outlook

The business has good foundations and the changes that have occurred in the last nine months, have further enhanced the business base. While cognisant of the wider market environment and the ongoing volatility that is occurring in different parts of the marketplace, transportation and storage of goods will continue to be required. Notwithstanding the Offer to purchase the share capital of the business and the potential change in ownership, we believe the Group continues to be well placed to grow.

Operational Statement

Introduction

The Board are happy to report that the Group is in good health. During 2022, the business has grown, the operational team have worked well together to bring in some important changes which we believe will deliver benefits to the Group over the medium to longer term. Most importantly, we continue to offer a professional and highly efficient service to our thousands of customers across the globe, ensuring their goods are transported and stored safely, securely and cost effectively.

The business generated close to £400 million in annual sales, another target achieved by the team. 71% of revenues came from the continent with the balance of 29% coming from the UK. Our largest and most profitable business continues to be our Freight Forwarding operation in Lithuania. Led by Justas Versnickas, this division has been a core driver of the Group's success together with strong trading performances from the Baltic and Balkan regions as a whole.

It has been clear from the outset that there is potential for the UK businesses to make a much greater contribution to the Group. Both UK Freight Forwarding and UK Logistics have underperformed their potential and in the case of Logistics have been a drag on profitability. Significant change requires time to implement and take effect but over the last 9 months we have made some important changes in the UK which we believe will result in both areas making significant long-term improvements.

UK Logistics which has been loss-making for some time, has been fundamentally restructured under the leadership of Alberto Llames Romero. The loss making high street fashion warehouse in Beckton, covering 70,000 sq ft, has been returned to the landlord at the end of our lease period with key warehouse customers transferring their business to our warehouse in Braintree which is not yet running to capacity but is moving in the right direction. This, together with the implementation of a new Warehouse Management System in the recently developed 235,000 sq ft dockside warehouse in the port of Southampton, has improved the financial performance and future of the UK Logistics division.

Positive trading and better cost control enabled the Group to reduce net debt to £3.6 million as at 31 December 2022. A significant reduction down from £8.0 million as at 30 June 2022. The Group's indebtedness was a key issue for the business, but it is now under control and whilst further improvements are required, the goal to be cash positive during 2024 is achievable.

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 2022 and will continue to ensure health and safety receives significant attention throughout the Group.

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 Central and Eastern Europe ("CEE").

Divisional Review

Freight Forwarding

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

Revenue £312.7m (2021: £233.6.m)

Operating profit £12.6m (2021: £9.7m)

Operating predominately under the Delamode brand, this 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 £65.0 million, a 71% increase year on year, and Bulgaria up by £8.3 million, a 25% increase. Both businesses benefitted from the global increase in sea freight rates plus the development of new routes. Profit before tax in the Baltics increased by £8.9 million to £15.9 million (2021: £7.0 million) and in Bulgaria by £0.2 million to £1.5 million (2021: £1.3 million). In addition, both Serbia and Estonia delivered a strong performance as these businesses continue to mature with revenue up 20% and 27% respectively.

Delamode Anglia, the largest UK freight forwarding business, struggled in 2022 as a consequence of the integration of the two acquired business into the main forwarding entity, which resulted in revenue decreasing by £10.7 million year on year. Improvements in performance have been seen in 2023. Regional Express and Delamode Nidd, which both trade independently, saw profits increase.

Warehousing & Logistics

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

Revenue £65.6m (2021: £56.7.m)

Operating profit £0.7m (2021: £1.5m)

The Group's warehousing capacity in the UK, Romania and Bulgaria offers comprehensive services in strategically situated sites. Although revenues for this division increased year on year profitability was reduced attributable to the warehousing operations in the UK.

Good trading performances from Pall-Ex and Logistics in Romania drove an overall increase in revenues for this division,

UK warehousing also generated an increase in revenue, up £5.1m due to the full year operation of the new facility in Southampton. Profitability reduced significantly however, primarily due to the challenges faced by the retail focused Beckton warehouse and reduced occupancy in the Braintree 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 90,000 pallets on average per month.

Transport Support Services

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

Revenue £8.4m (2021: £6.3m)

Gross billing £189.6m (2021: £145.9m)

Operating profit £2.7m (2021: £2.4m)

Affinity, provides bundled fuel and toll cards, financial and support services for hauliers in Southern Europe. Affinity has been an agent of DKV in Romania since 2002, one of the world's largest fuel card providers and provides the DKV fuel card across the Balkans to a database of approximately 2,400 Eastern European hauliers.

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 haulage supplier base is increasingly important for the Freight Forwarding division.

Volumes sold to customers (gross billings) increased in 2022 by 30% year on year, mainly due to the increase in the average fuel cost per litre, which increased by 24% year on year.

Romania remains the largest region for the division representing 78% of total activity in terms of gross billings (2021: 79%). The Balkans operation continues to grow leveraging the relationships with the Freight Forwarding businesses based in Bulgaria and Serbia.

In 2022 Affinity expanded its product offering with the development of the financial services provision tailored specifically for its existing customer base.

Affinity'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.

Chief Financial Officer's Statement

Richard Myson, Chief Financial Officer

2022 financial results improved over 2021 on the back of enhanced revenue.

Revenue

Group revenue increased in 2022 by £90.1 million (30.3%) to £386.7 million.

The Freight Forwarding Division delivered £312.7 million (33.9% increase from 2021), the Warehousing and Logistics Division revenue of £65.6 million (15.5% increase from 2021) and the Transport Support Services Division delivered £8.4 million (34.5% increase from 2021).

Segment Profit Before Central Overhead Allocation and Exceptional Items

This definition of profit performance is presented to provide a clear view of underlying trading activities and to ensure consistency with previous reporting and commentary.

Operating profit of the Freight Forwarding Division increased by £2.9 million to £12.6 million largely driven by increased activity in Baltics region.

Operating profit of the Warehouse and Logistics Division decreased by £0.8 million to £0.7 million mainly due to the reduction in volumes in the UK and overstaffing to accommodate expected volumes in Southampton which were delayed.

The Transport Support Services Division's operating profit increased by £0.3 million to £2.7 million.

Group Profit before Taxation

Group profit before tax increased in 2022 to £6.5 million (2021: £4.3 million) driven by the Freight Forwarding Division.

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

	2022	2021	2020	2019	2018	2017
Freight Forwarding	**£12.6m**	£9.7m	£6.8m	£3.4m	£3.0m	£2.4m
Warehouse and Logistics	**£0.7m**	£1.5m	£2.6m	£2.9m	£3.0m	£0.9m
Transport Support Services	**£2.7m**	£2.4m	£2.3m	£2.5m	£2.3m	£2.0m

Adjusted Profit before Tax

This table sets out the adjustments made to the profit before tax to show an underlying trading profit performance and establish consistency in reporting from prior periods and arrive at an adjusted profit before tax:

	2022	2021	2020	2019	2018	2017
Profit Before Tax	**£6.5m**	£4.3m	£3.9m	£2.2m	£5.6m	£2.4m
Exceptional Items (note 27)	**£0.5m**	£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 on acquisition (note 12)	**£1.5m**	£1.5m	£1.5m	£1.4m	£1.1m	£0.4m
Impairment (note 12)	**£1.5m**	-	-	-	-	-
Net Income Statement Impact of application of IFRS 16	**£1.0m**	£0.7m	£0.3m	£0.3m	-	-
Adjusted profit before tax	**£11.0m**	£9.1m	£7.2m	£5.1m	£7.2m	£4.0m

Earnings per Share

	2022	2021	2020	2019	2018	2017
Basic (Loss)/Earnings Per Share	**(0.13)**	0.29	1.46	0.60	3.53	1.64
Adjusted Earnings Per Share	**3.03**	3.68	3.84	2.80	4.80	3.27

The total number of ordinary shares as at 31 December 2022 was 141.7 million (2021: 141.7 million).

(Loss)/Profit after tax attributable to the owners of the parent company of £(0.2) million (2021: £0.4 million) provides a basic earnings per share of (0.13)p (2021: 0.29p). Adjusted profit before tax results in basic and diluted earnings per share of 3.03p and 3.03p respectively (2021: basic and diluted 3.68p, 3.67p) (see note 10 of the financial statements).

Financial Resources

Asset Cover	2022	2021	2020	2019	2018	2017
Total Assets	**£237.8**	£196.1m	£138.2m	£128.9m	£98.8m	£76.4m
Net Assets	**£31.9m**	£29.2m	£31.2m	£29.0m	£29.1m	£14.8m
Current Ratio	**1.05**	0.99	1.05	1.01	1.14	1.07

A current ratio of 1.05 for 2022 shows an improvement over 2021 of 0.99.

Cash

The Group traditionally has been an asset light, cost conscious and cash generative entity and the focus of the Board has been to restore this strategy in H2 of 2022.

By improving the performance of Delamode Anglia and the UK Logistics business, controlling the under-recovered costs in the centre, together with the increased profits generated in the Baltics, the Group improved the cash position from H1 to end the year with a net debt position of £(3.6)m, down from 30 June 2022 of £(8.0)m and £(4.6)m as at 31 December 2021.

The Board continues to monitor cash regularly to ensure the financing needs of the business are met and expects these to be achieved for the coming year from existing cash balances, current funding facilities and operating cash flows.

The Group has sufficient financial resources and a broad spread of business activities. The Directors therefore believe that it is well placed to manage its business risks.

Cash	2022[1]	2021	2020	2019	2018[2]	2017[2]
Net cash from operating activities	**£17.7m**	£4.7m	£14.1m	£14.2m	£9.5m	£3.9m
Net cash outflow from investing activities	**£(2.2)m**	£(3.1)m	£(6.0)m	£(2.0)m	£(7.0)m	£(6.5)m
Net cash (outflow)/inflow from financing activities	**£(16.4)m**	£(1.5)m	£(7.8)m	£(9.3)m	£(0.4)m	£4.8m
Effect of foreign exchange movements	**£1.5m**	£(1.1)m	£0.4m	£(0.5)m	£0.2m	£(0.1)m
Cash and cash equivalents at end of year	**£12.2m**	£11.7m	£12.7m	£12.0m	£9.6m	£7.3m

[1] Cash and cash equivalents at end of year includes overdrafts of £879,000.

[2] 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.

Working Capital

Trade Receivables and Payables	2022	2021	2020	2019	2018	2017
Trade and other receivables	**£104.5**	£98.5m	£66.7m	£60.9m	£60.3m	£51.8m
Trade and other payables	**£87.4**	£86.6m	£64.8m	£58.6m	£56.1m	£51.0m
Days Sales Outstanding (based on gross billings)	**67.2**	82.4	71.2	63.5	70.4	81.5
Days Payable Outstanding (based on cost of sales and recoverable disbursements)	**67.0**	85.6	82.6	71.9	75.6	91.3

Trade receivables and payables increased at the year end as a consequence of a growing business, however days sales outstanding and days payable outstanding have both significantly decreased reflecting improved working capital management and controls.

Administrative Costs Review

Average headcount increased from 1,432 in 2021 to 1,511 in 2022 driven primarily by the growing freight forwarding operations in the Baltics.

Operating Costs (Key Items)	2022	2021	2020	2019	2018	2017
Staff Costs	**£40.0m**	£29.0m	£24.6m	£23.9m	£18.6m	£13.4m
Bad debts	**£0.9m**	£1.5m	£0.9m	£0.8m	£1.1m	£0.6m
Depreciation on right-of-use assets/ rental payable under leases	**£12.4m**	£8.6m	£6.3m	£6.0m	£5.9m	£2.3m
Insurance	**£2.6m**	£1.7m	£1.1m	£0.9m	£0.7m	£0.4m
Plant and machinery hire	**£0.8m**	£0.5m	£0.6m	£0.7m	£0.7m	£0.3m
IT costs	**£1.4m**	£1.7m	£2.1m	£1.6m	£0.6m	£0.3m

Net Finance Costs

Excluding the IFRS 16 impact of £2.2m (2021: £1.6m), finance costs were £0.7m compared to £0.4m in the prior year.

Impairment

The Group carries out its impairment tests from annually and all newly acquired entities are also reviewed for impairment at the balance sheet date.

In 2021 the Group consolidated the activities of the acquired entities, Benfleet Forwarding Ltd and Anglia Group Forwarding Ltd with the Freight Forwarding activity of Delamode Plc into one entity, Delamode Anglia Ltd.

For the purposes of the Group impairment, this consolidated entity is considered as one cash generating unit.

As a result of the underperformance of the UK Freight Forwarding business the Board has provided an impairment on the intangible assets of £1.5m during the year.

Richard Myson
Chief Financial Officer

Key Performance Indicators

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

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

	2022	2021	2020	2019	2018	2017
Revenues	**£386.7m**	£296.6m	£221.2m	£213.2m	£179.2m	£116.3m
Gross profit	**£92.2m**	£68.4m	£55.6m	£52.6m	£41.7m	£28.1m
Gross margins (%)	**23.8%**	23.1%	25.1%	24.7%	23.3%	24.2%
Operating profit before tax and exceptional items[1]	**9.8m**	8.7m	£6.7m	£4.7m	£6.5m	£4.0m
Adjusted profit before tax[2]	**£11.0m**	£9.1m	£7.2m	£5.2m	£7.2m	£4.0m
Reported profit before tax	**£6.5m**	£4.3m	£3.9m	£2.2m	£5.6m	£2.4m
Net (debt)/cash	**£(3.6)m**	£(4.8)m	£6.8m	£7.0.m	£3.2m	£1.5m

Notes

[1] Exceptional items totalling £0.5m (2021 - £2.6m) include relocation costs of £nil (2021 - £1.7m), compensation for loss of office of £0.1m (2021 - £0.5m), financing negotiation fees of £nil (2021 - £0.1m), reorganisation and restructuring costs of £0.1 (2021 - £nil), aborted acquisition costs of £0.2m (2021 - £0.3m), and costs associated with the proposed Offer for the entire issued share capital of Xpediator plc of £0.1m (2021 - £nil).

[2] Adjusted profit before tax excludes the impact of exceptional items (detailed above) of £0.5m (2021 - £2.6m), amortisation on the intangible assets relating to acquisitions of £1.5m (2021 - £1.5m), net impact to the consolidated income statement following the application of IFRS 16 of £1.0m (2021 - £0.7m), and the impairment of UK Freight Forwarding business of £1.5m (2021 - £nil).

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 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.

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.

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.

(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/corporate-social-responsibility/modern-slavery-policy.

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.

Further details can be found in our Corporate Governance Statement

(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.

Further details can be found in our ESG Strategy

(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;

and

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.

Further details can be found in our ESG Strategy

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

The Group's Board currently consists of three 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.

Further details can be found in our Corporate Governance Statement

Vision & Values

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 client's supply chains via the deployment of digital technology and enhanced service solutions, resulting in the delivery of excellence in everything we do.

Shaping the Future. Delivering Excellence

Our Core Values

We are one team

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

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

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

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.

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

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

Our goals include:

- Reducing waste
- LED lighting installation
- Expansion of renewable energy procurement (Solar or Green energy)
- Fleet replacements made with most energy efficient vehicles.
- Expansion of "green fuel" (e.g., HVO) use within own and subcontracted vehicles and fleets.
- Structured and visible review of vehicle telematics to review areas of improvement.
- Target zero-emission mechanical handling equipment fleet company-wide by 2026.

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

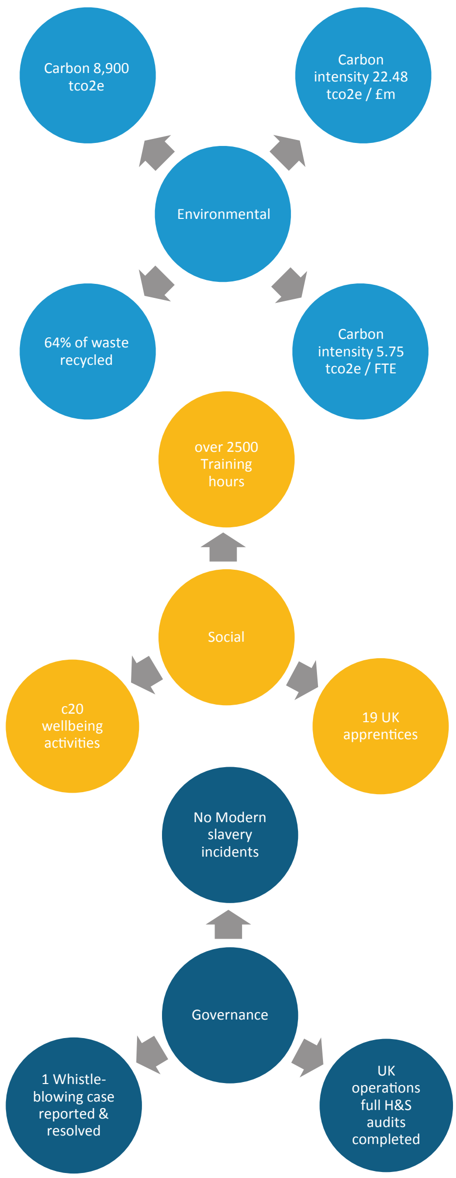
Governance

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

ESG KPI's



Environmental

Our carbon emissions information is prepared with reference to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard for operational control. Carbon factors used are as per Defra conversion factors for company reporting 2022, with both electricity generation and distribution emissions included as scope 2 emissions.

	Energy Use table		
Energy Use (MwH)	**2022**	**2021**	**2020**
Scope 1 - Transport	**30,392.77**	13,464.10	13,324.03
Scope 1 - Non-Transport	**3,963.03**	3,039.56	2,647.20
Scope 2 - Electricity	**3,485.46**	3,675.43	3,145.91
Total Energy (MwH)	**37,841.27**	20,179.09	19,117.14

Carbon Emissions (tCo2E)	**2022**	**2021**	**2020**
Scope 1 - Transport	**7,336.02**	3,192.06	3,201.22
Scope 1 - Non-Transport	**890.78**	657.75	582.48
Scope 2 - electricity	**674.02**	780.40	804.09
Total Emissions	**8,900.82**	4,630.22	4,587.80

		Carbon emissions ratios		
Area	**Ratio**	**2022**	**2021**	**2020**
Revenue	Carbon Intensity tCo2e /£m	**22.48**	15.61	20.74
Employee	Carbon Intensity tCo2e / FTE	**5.75**	3.23	4.25

During 2022 we moved a significant proportion of haulage operations previously outsourced to third party haulage contractors in-house in our Lithuania and Bulgarian operations. This represented the purchase and operation of HGV's in Lithuania and Bulgaria. These emissions have now been moved from scope 3 (not reported) to scope 1 – controlled transport. On a like for like basis our adjusted carbon intensity for 2022 would have showed a net reduction the Carbon Intensity tCo2e /£m to 11.71 and Carbon Intensity tCo2e / FTE to 3.00 without the switch to controlled transport.

The positive benefits of moving to our own fleet is the ability to influence the carbon emission of the vehicles. We only procure the most modern and economic EURO 6 compliant vehicles and have introduced the addition of Hydrotreated vegetable oil (HVO - as discussed in the HVO case study).

We record and publish energy and fuel use for managed supplies, which includes all supplies that are managed at sites wholly operated by our teams.

The sources of emissions include road transport fuels; fuels for non-road transport uses; energy utilities for buildings; and fuel for business travel in Xpediator-driven vehicles. Energy figures are provided on the same scope 1 and 2 basis as carbon emissions.

We also include consumption of fluorinated refrigerant gases as a scope 1 emission and have not excluded purposely any scope 1 and 2 emissions sources regardless of materiality.

Due to our ever-changing operations we use a carbon intensity measure to manage our carbon efficiency. Our carbon intensity is defined as total scope 1 and 2 carbon emissions from managed supplies per unit of revenue and by employee (FTE), and our carbon intensity ratio for the year ended 31 December 2022 was 22.48 tonnes of carbon dioxide equivalent (tCO2e) per £m of revenue and 5.75 tonnes of carbon dioxide equivalent (tCO2e) per employee.

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.

As a Group we 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.

Energy efficient property management

We are planning further investments in our remaining LED lighting opportunities; exploring further electrification of mechanical handling equipment including lithium-ion fuel cells; and reviewing further installations of solar photovoltaic generating capacity where feasible.

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.

	Recycling		
Tonnes	2022	2021	2020
Volume of waste recycled per annum	**545.16**	873.17	673.81
Volume of waste sent to landfill per annum	**312.36**	408.10	356.00
Total	**857.51**	1,281.26	1,029.81
Recycling %	**64%**	68%	65%

During the year three of our sites reported 100% recycling activities from their operations.

We will be reviewing our 2023 targets with the objective to increase our diversion from landfill to over 70%.

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.

Hydrotreated vegetable oil (HVO) case study – Lithuania and Bulgaria

What is HVO fuel?

HVO stands for hydrotreated vegetable oil, sometimes known as Renewable Diesel. Part of the paraffinic family of fuels, it is a fossil-free alternative to mineral diesel, resulting in up to 90% reduction in Greenhouse Gas emissions

During the year our core fleet in Lithuania and Bulgaria began utilising HVO

Benefits of HVO renewable diesel

Cleaner, sustainable fuel

- Results in up to 90% reduction in GHG emissions compared to fossil diesel.
- Local air quality benefits - significantly lower particulate matter, NOx and unburnt hydrocarbons
- Produced from 100% renewable sources, as certified by international accreditation schemes
- Odourless and virtually free from sulphur and aromatics

Outstanding performance

- Higher cetane number than EN590 diesel = efficient and clean combustion
- Exceptional cold weather performance. Better start-up and throttle response
- Excellent storage properties. HVO is FAME-free = does not affect water or microbial growth

Switching made simple.

- Drop-in replacement for diesel or gas oil in engines
- Meets EN15940 paraffinic fuels standard, approved by a wide range of OEMs as a replacement for use in diesel engines without modification

Social

Compassionate Leadership Academy

In 2022 we launched 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.

Across 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.

Supporting the wellbeing of our colleagues

We have continued to focus on creating a supportive environment at Xpediator.

Our initiatives support our colleagues and this year we have continued our UK wellbeing committee. Our dedicated wellbeing team has built a community throughout the year to provide support, advice and ideas for our colleagues to help them learn about, manage and enhance their health and wellbeing. We have supplemented this support through our colleague app, iSmile, which facilitates our direct communication with all colleagues.

- Currently, there are 10 members of the team strategically placed across different UK business units.
- We operate as one team advertising and educating on matters current and relevant to peoples working and home lives.
- From initiation of the group we have launched and successfully delivered
  - a wellbeing week consisting of photograph competition, a walk, run, jog competition run across all the UK business units,
  - run various competitions such as Halloween fancy dress for charity where proceeds were matched by the business to support Movember,
  - Christmas jumper day to raise proceeds for Save the Children UK.
- We have launched the Employee Assistance Program App to all our UK employees giving them instant access to support, podcasts, challenges and counsellors at the tip of their fingers.
- During the first half of 2023, the focus will be on women's health covering the menopause with an introduction of a policy within the business, access to online training for employees and managers and the introduction of an app to support and track symptoms through the menopause.

Other Wellbeing events have been hosted across the group, all with positive feedback and strong employee engagement.

- Happy Friday's (Romania)
- Monthly employee birthday celebrations (Romania)
- Secret Santa & X-mas party (Romania/Bulgaria)
- The Colour Run Marathon (Romania)
- Provision of Private personal health insurance (Bulgaria)
- Assistance with transportation costs (Bulgaria)
- Multiple Team building events (Romania/Bulgaria/Lithuania/Estonia).

Training and development

Our Commitment to training and development in the year can be highted via the following statistics.

- 19 employees on UK apprenticeship scheme
- Over 2500 of training hours logged in the learning management database
- Over 90 participants in Excel training
- Over 40 participants in English language training

Governance

Fundamentally, as a Group we are committed to building a sustainable, fast-growing business, which 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

Our governance position has been further strengthened through revised policies and associated compliance training and awareness sessions run throughout the business, for example modern slavery; GDPR; IT acceptable use; and Speaking Up.

Employee Company Handbook
The company handbook outlines the practices and procedures the Group expects employees to follow.

Employee Code of Conduct
The Group expects the highest ethical standards from employees and other personnel in carrying out its business.

The document provides employees with guidance on the standards expected when conducting business on behalf of the group.

- Sets out what we stand for as a company.
- Underpinned by a robust corporate governance framework.
- Applied across the Group wherever we work.

Anti-Bribery Policy
This policy outlines the Group's commitment and expectation to prevent all risks related to bribery and corruption.

- Zero tolerance policy
- Mandatory e-learning training module
- Gifts and hospitality approval process and register

Whistleblowing Policy and process
- Whistleblowing is the right thing to do.
- Relaunched policy in the year
- Mandatory e-learning training module

Modern Slavery
- Modern slavery statement is on our website.

Data Protection
- Personal data is only collected and processed and stored in line with our Company policies and legal requirements.

Risks & Uncertainties

The Group has a formal risk identification and management process. This ensures that risks are properly identified, prioritised, evaluated, and mitigated, in order that the Group can achieve its strategic objectives and enjoy long-term success.

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

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.

Risk identification

Identify risk
Identify key risks by category

→

Rate risk
Rate each risk by evaluating and assigning a score to each risk

→

Identify risk mitigation
Identify actions for each risk

→

Execute risk mitigation
Execute agreed risk mitigation and proceed improvements identified

→

Review, monitor and report risk management process
Review and monitor risk management process.
Report to Board

Principal risks and uncertainties

The Group maintains a register of Group (or principal) risks and uncertainties which are identified as either: financial; reputational; operational; legal/compliance; or strategic risk types. The Group's risk management framework is structured to ensure that risks are identified promptly by management teams so that they are mitigated and managed appropriately. The risks identified are documented and measured, including the ownership of individual risks.

The risks are regularly reviewed, and exposure is rated in terms of both inherent risk (before mitigations) and current risk (after mitigations). Risks are allocated a required residual score (target) along with control and mitigation improvement road maps. These are monitored at regular intervals and allocated timeframes between 6 and 12 months to ensure risk reduction trajectories are continually reviewed.

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

Risk appetite

The Group is prepared to accept a certain level of risk to remain competitive but continues to adopt a balanced approach to risk management. The risk framework provides clarity in determining the risks faced and the level of risk that the board will accept.

The Group's strategies are designed to either reduce, transfer or remove the source of the identified risk.

There are well-established procedures to identify, monitor and manage risk and, within the internal control framework. In the last 12 months a programme to review and update policies and procedures has been formalised and processes initiated to ensure these remain fit for purpose on an ongoing basis or as required by external changes (regulatory and other external factors)

Conclusion

By following the risk management processes outlined above, the Board considers it has performed a robust assessment of principal and emerging risks.

Management of risks

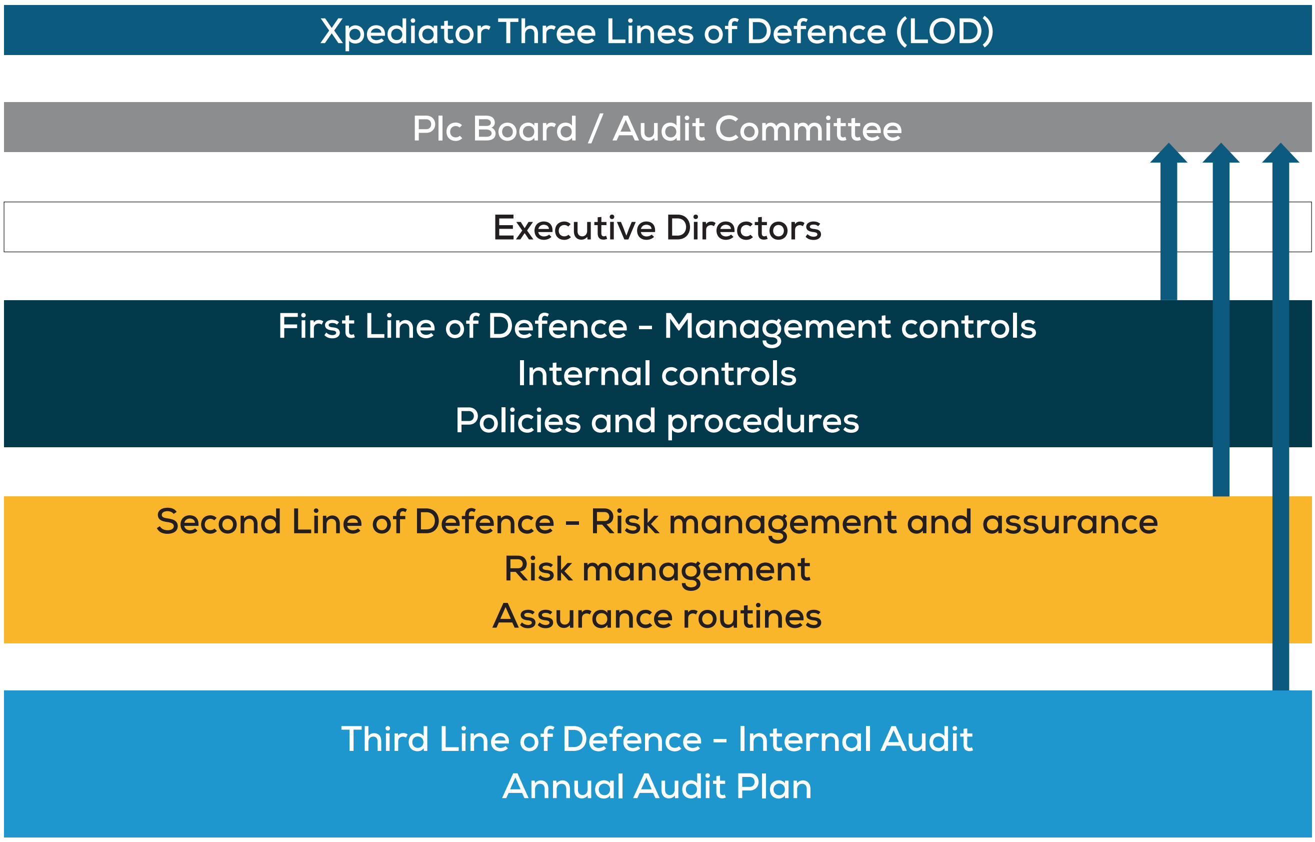
The Group manages risk by operating a three lines of defence risk and control model.

The first line of defence consists of operational management implementing and maintaining effective risk identification, reporting, management and internal control systems. This ensures that risk management remains an integral part of the Group's day-to-day operations and facilitates the escalation of significant risks as and when they are identified.

The second line of defence consists of the subject matter expert functions which, in addition to supporting operational management in their own specialist areas, also maintain their own risk registers. The second line also includes the Director of Audit Risk and Compliance who regularly reviews the Group risks and other strategic risks affecting the Group and perform deep dive reviews on specific risk areas.

Internal Audit, which forms the third line of defence, is empowered to provide an independent assessment of the effectiveness of risk management and internal control systems. The Audit Plan has been built with input from the Group risk registers. The audit assignments planned for the coming year include providing assurance on a number of Group risk types. The Internal Audit function reports directly to the Audit Committee Chair to ensure its independence and objectivity. These lines of defence also include the Group's whistleblowing reporting system, which enables employees to raise concerns over ethics and compliance matters.

Three Lines of Defence ("LOD") diagram



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

Key business risks currently facing the Group are addressed below:

Risk Title	Regulation and Legislation	Cyber security
Trend	Static	Increasing
Risk Description	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.	Major Cyber-crime incident leading to a loss of revenue or long-term reputational issues where Xpediator receives a denial of service attack, Spoofing, Ransomware, unauthorised access to Xpediator systems, monetary fraud issues.
Mitigating Controls	Policies and processes are in place throughout all areas/geographies 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.	The Group function regularly reviews the cyber risk landscape internally. Xpediator has established layered proactive and reactive information security controls to mitigate common threats. Disaster recovery plans are in place for Critical Services to ensure business can recover from any interruptions with minimal impact. Cyber insurance is in place.
Owner	Chief Financial Officer	IT Director
Manager	Director of Audit, Risk and Compliance	IT Infrastructure & Service Delivery Director

Risk Title	Dependence on Key Suppliers	Recruitment and retention
Trend	Static	Increasing
Risk Description	Certain Group business units are reliant on key strategic supply partners across all key locations. 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.	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.
Mitigating Controls	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 supplier's senior management to ensure any issues are resolved in a timely fashion.	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. 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.
Owner	Chief Executive Officer	Chief Executive Officer
Manager	Business Unit Managing Directors	Head of People

Risks & Uncertainties
Continued

Risk Title	Competition in key market sectors	Forex
Trend	Increasing	Increasing
Risk Description	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 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.
Mitigating Controls	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 Business Unit managing Directors closely monitors the Group's strategic and operational performance through its KPIs.	Currently the Group has not entered into any exchange rate hedging mechanisms but looks to mitigate exchange losses internally by matching the revenue and cost base in the same currency as far as possible. The position is monitored regularly to ensure that the Group achieves its optimal position with regards any exchange losses.
Owner	Chief Executive Officer	Chief Financial officer
Manager	Business Unit Managing Directors	Director of UK Operational Finance

Risk Title	Liquidity	Interest rate
Trend	Decreasing	Increasing
Risk Description	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.	There is a risk that interest rates and resultant costs to the Group will fluctuate over time. Assets financed through leases are leased at fixed interest rates. Borrowing rates are dependent on Libor / Euribor fluctuations. The long-term debt of the Group is denominated in sterling and is based on a blend of fixed rate and margin above base, which currently has a blended average rate of approximately 4% per annum.
Mitigating Controls	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.	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.
Owner	Chief Financial Officer	Chief Financial Officer
Manager	Director of UK Operational Finance	Director of UK Operational Finance

Risk Title	Health and Safety (Including Pandemics)	Climate
Trend	Static	Increasing
Risk Description	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. Post Covid-19 there remains risk of other global pandemics which include risks to the Group's operations including 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.	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 Physical climate risks – flooding, infrastructure and subsequent disruption to systems, service, and supply chain Transition risks – changing policy and regulations
Mitigating Controls	The Group has a dedicated Health and Safety team, supported by external advisors, that ensures policies, processes and legal requirements are met by all operating segments. The Health and Safety team report to the CEO and Plc Board around health and safety compliance. Regular training is provided to all staff across all operating segments. 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 - expense control and monitoring, and - remote workforce provisions	The Group has been developing risk management strategies for associated climate risks and will be continue to incorporate these in the Group's ESG strategy
Owner	Chief Executive Officer	Chief Executive Officer
Manager	Director of Audit, Risk and Compliance	Director of Audit, Risk and Compliance

Risk Title	EU conflict	ESG requirements
Trend	Decreasing	Increasing
Risk Description	The risk of Group operations being impacted resulting in a loss of revenue and/or profitability due to the current conflict in Ukraine	Risk of allocating insufficient resources to ESG could result in reduced support from stakeholders such as investors and customers, who may switch to competitors.
Mitigating Controls	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 Plc Board 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.	The Group regularly reviews its ESG agenda with specific focus from the Plc Board. An ESG Steering Committee has been created with regular Board oversight. The Steering Committee is currently in the process of defining internal targets for ESG.
Owner	Chief Executive Officer	Chief Executive Officer
Manager	Business Unit Managing Directors	Director of Audit, Risk and Compliance

Risk Title	Consumer confidence	Failure to apply financial controls
Trend	Increasing	Static
Risk Description	With the current cost of living increases due to utility price volatility and inflationary increases, the Group's customers may experience a reduction in demand for products and that may impact operational volumes, revenue and profitability.	Failure to apply financial controls in line with Group procedures, accounting standards and customer contracts.
Mitigating Controls	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.	The group operates a Delegation of Authority matrix and Financial policies and procedures are operated and reviewed periodically. Assurance routines are enacted by Finance teams. Budgeting process and reviews are undertaken regularly. Finance staff qualifications and CPD are reviewed periodically. External / Internal auditor findings are actioned.
Owner	Chief Executive Officer	Chief Financial Officer
Manager	Business Unit Managing Directors	Group Financial Controller

Risk Title	Data Protection
Trend	Static
Risk Description	Failure to manage data in accordance with the data protection principles and identify processing undertaken outside the UK & EU and failure to ensure appropriate security and contractual measures are in place to protect against non-compliance with DP legislation Failure to ensure our suppliers pass on relevant restrictive clauses to their sub-contractors leading to non-compliance with DP legislation and potential increased financial liability to Xpediator Failure to appropriately train colleagues to understand their responsibilities within data protection legislation
Mitigating Controls	The Group maintains and updates our data protection policy and processes on a regular basis. Staff training is actioned and monitored to ensure suitable role-based knowledge is in place across the group.
Owner	Chief Executive Officer
Manager	IT Director

Board of Directors

Gillian Wilmot CBE
Interim Non-executive Chairman
(aged 63)

Gillian joined the Board in June 2022 as Interim Non-executive Chairman. Gillian is an experienced Chairman following an executive career as a Marketing Director then CEO. Gillian brings a wealth of experience across B2B, digital technology and transformation with particular strengths in value creation, operational insight and governance. She was awarded a CBE in Jan 2023 for her contributions to business, entrepreneurship and the prevention of problem gambling and been a winner of the Sunday Times Non-Executive Director Awards. Current directorships include Chairman of ZOO Digital Group plc, Synalogik and Jisp.

Michael ("Mike") Stone
Interim Chief Executive Officer
(aged 62)

Mike joined the board in June 2022, as Interim CEO. with over 35 years of experience in senior logistics roles globally.

Mike is a highly experienced executive within the international logistics industry with over 35 years' experience working with logistics companies both domestically and internationally. Currently serving as Non-Executive Director of Bpost SA (Belgium Post Group), the publicly listed postal service for Belgium, Mike has also served as Managing Director for Quadient's (formerly called Neopost) UK operations, Chief Operating Officer of DX Group, and prior to that, in senior European and global management positions with DHL including Managing Director of Operations for DHL Express Europe.

Richard Myson
Chief Financial Officer (aged 51)

Richard rejoined the board in June 2022 having previously served as Group CFO between 2016 and 2018, overseeing the successful IPO of the Company. He originally joined the finance team of the Group in 2004 and in 2010 became Group CFO of Delamode International Logistics Limited. Richard's roles were not limited to finance, and in 2012, Richard was appointed as Chief Executive Officer of Affinity, which remains a key division of the Group.

Robert (Rob) James Riddleston
Non-executive Director (aged 68)

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.

Charles McGurin
Non-executive Director (aged 57)

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 Group, 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, notwithstanding the potential acquisition of the Group, will enable the Group to deliver sustainable shareholder value.

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 Group 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 Group in terms of its operational performance, financial performance and strategic direction. The Group 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 Group, 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.

The Group engages Zeus Capital Limited, as Nominated Adviser ("NOMAD"), to publish comprehensive research notes on the performance of the business, these reports are available to shareholders on the Group website.

In addition, shareholder communication is answered, where appropriate, by the Directors or the Group'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 2022 was held on the 9 June 2022, although this was held virtually due to the ongoing 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 2022 in relation to the above.

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

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 can be found in the section 172 report on pages 11 to 12.

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 Group is reliant on the stakeholders of the business and, to this effect, the Group engages with these stakeholder groups on a regular basis.

The Board recognises its responsibility under UK corporate law to promote the success of the Group 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 Group 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 Group.

Aside from the regular meetings with investors, the Group also engages regularly with its suppliers and customers, and employees. The Board considers the employees as one of the key stakeholders within the Group and as such welcomes any feedback to ensure the alignment of both party's interests. This feedback can be provided by the use of on-site suggestion boxes for internal stakeholders, employee committee forums, and access to members of the 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 Group. 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 Group's Anti-Bribery and Corruption policy as well as its policy on modern slavery, which is available on the Group's website https://xpediator.com/corporate-social-responsibility/modern-slavery-policy.

Further details in the section 172 report can be found on pages 11 to 12.

Principle Four

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

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 Group'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 19 to 24.

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.

On 31 December 2022 the Board consisted of three independent 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 Group's shareholders for the proper management of the Group and met 25 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 Group 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 upto-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 Group 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 Group 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. Of the five members of the Board, one is female and four are male. If it is agreed to expand the Operating Board and main Board at a later date, (or indeed if/when new replacement directors are sought in the future), the Board will, when identifying appropriate candidates, look to include female candidates for consideration in senior and also Board roles.

Principle Seven

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

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

The appraisal system 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.

Given the significant changes to the structure of the Board this year the appraisal process was postponed until 2023, where 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.

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

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

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

Principle Eight

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

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

The Board is committed to three core values:

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

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

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

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

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

The Board conduct interviews and obtain references for all senior management recruits, it carries out further reviews following a period of induction. It also conducts exit interviews with departing personnel in order to obtain feedback for the possible improvement of our systems and structure.

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

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

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

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

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

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

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

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

A full copy of our Whistleblowing Policy is attached and can also be found on our website: https://xpediator.com/corporate-social-responsibility/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 Group 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 Group lists all the governance related announcements on its website, details of which can be found on the Group website; https://xpediator.com/regulatory-news-service

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

The results of voting on all resolutions in future general meetings will be posted to the Group'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 Group's historical reports can be found on the Group's website, see following link; https://xpediator.com/investor-relations

This Corporate Governance statement will be reviewed at least annually to ensure that the Group's corporate.

Internal Controls and Financial Risk Management

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

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

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

Authorisation limits are in place

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

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

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

Financial planning and monitoring

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

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

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
Meetings held during the year.	25	4	6
Director's attendance			
Mark Whiteling (resigned 25 March 2022)	5		2
Stephen Blyth (resigned 25 March 2022)	6		
Michael Williamson (resigned 31 May 2022)	9		2
Wim Pauwels (resigned 31 May 2022)	12	1	2
Gillian Wilmott (appointed 1 June 2022)	13	2	2
Rob Riddleston	25	4	5
Charles McGurin	24	3	6
Mike Stone (appointed 1 June 2022,)	13	1	2
Richard Myson (appointed 1 June 2022)	13	1	2

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

Over the 12-month period there has been a total of 25 plc Board Meetings a director could have attended.

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

We welcome dialogue with our shareholders and potential investors and look forward to welcoming you at our forthcoming AGM in June. You will also be able to make contact with the Group through our Company Secretary. Notice of the Company's annual general meeting and proxy form will be posted separately to shareholders.

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 Group's shares on the AIM market of the London Stock exchange in August 2017, with the Board now comprising of five directors, of whom three are independent 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.

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.

Remuneration Committee

The Remuneration Committee consists of Rob Riddleston and is chaired by Charles McGurin. The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Group's policy on the remuneration packages of the Group'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 four times during 2022 with full attendance and, in accordance with best practice, the Chair of the Audit Committee also met separately with the Audit partner 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 Group'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 the 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 Group 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. No Director plays a part in any discussion 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' and other groups' 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 Group 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.

Long-term Incentive Plans ("LTIP")

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 2022 was as follows:

Director	Base Salary	Bonuses	Other benefits	2022 Total	2021 Total
Mark Whiteling	23.7	-	-	23.7	25.2
Stephen Blyth	9.6	-	0.3	9.9	41.2
Gillian Willmott	186.2	-	-	186.2	-
Rob Riddleston	48.5	-	-	48.5	30.9
Charles McGurin	38.8	-	-	38.8	34.0
Wim Pauwels	208.3	-	-	208.3	81.8
Mike Stone	228.4	-	3.5	231.9	-
Mike Williamson	90.5	-	72.8	163.3	287.0
Richard Myson	108.8	-	7.7	116.5	-
Alex Borrelli	-	-	-	-	37.5
Robert Ross	-	-	-	-	616.6
Total	**942.8**	**-**	**84.3**	**1,027.1**	**1,154.2**

Included within other benefits for Mike Williamson for 2022 is combined payment in lieu of notice period and compensation of £79,781 in addition to a credit for lapsed share options of £10,344, and in 2021 for Robert Ross is combined payment in lieu of notice period and compensation of £202,000.

Directors and their interests

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

Director	31 Dec 2022	31 Dec 2022 %	31 Dec 2021	31 Dec 2021 %
Alex Borrelli[1]	-	-	416,667	0.29
Stephen Blyth[2]	37,781,045	26.66	37,781,045	26.66
Rob Riddleston	2,084	0.00	2,084	0.00
Charles McGurin	65,321	0.05	65,321	0.05
Wim Pauwels	208,155	0.15	208,155	0.15
Richard Myson	1,941,272	1.37	-	-

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
2022	Option B	440,207	Ratio	18:1	17:1	13:1
			Total Salary	**24,720**	**26,000**	**34,000**
2021	Option B	461,334	Ratio	20:1	17:1	12:1
			Total Salary	**23,000**	**27,731**	**38,314**

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 2022, the CEO pay ratio is based on Wim Pauwel's salary from 1 January 2022 to 31 May 2022 and Mike Stone's salary from 1 June 2022 to 31 December 2022.

Directors' Report

Principal Activities

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

The consolidated Financial Statements give the Group results for the year ended 31 December 2022.

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 page 10 in the Strategic Report.

Results

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 44.

Share Capital

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

At 31 December 2022, the Group had been notified of the following interests amounting to 5% or more of the voting rights attaching to the Group's issued share capital:

Percentage of	
Cogels Investments Limited	26.66%
Mr Shaun R Godfrey	16.01%
Mr Sandu Grigore	11.14%
Berenberg Bank	8.21%
Stonehage Fleming Family & Partners	6.58%

Financial Instruments

As at 31 December 2022 the Group had UK borrowings of £5.0m and an invoice discounting facility provided by Investec Capital Solutions Limited of £10.8m. The financial risk management objectives and policies are disclosed in note 21.

Directors

The Directors of the Group during the period and to the date of this report, unless otherwise stated, were as follows:

Executive

- Mike Stone (appointed Interim Chief Executive Officer 1 June 2022)
- Wim Pauwels (resigned 31 May 2022)
- Michael Williamson (resigned 31 May 2022)
- Richard Myson (appointed Chief Financial Officer 1 June 2022)

Non-Executive

- Gillian Wilmot (appointed Interim Chairman 1 June 2022)
- Mark Whiteling (resigned 25 March 2022)
- Stephen Blyth (resigned 25 March 2022)
- Charles McGurin
- Rob Riddleston (acted as Interim Chairman 25 March 2022 to 1 June 2022)

The Directors' remuneration, share options, long-term executive plans, pension contributions, benefits and interests are set out in the Directors' remuneration report.

On 31 May 2022, Wim Pauwels resigned as Interim Chief Executive Officer and was replaced by Mike Stone on 1 June 2022.

On 6 April 2023, Mike Stone advised the Board of his intention to step down from his role of Interim Chief Executive and from the Board before the Offer completes but no specific effective date has yet been agreed.

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 Group 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 Group employee newsletter, plus the regular circulation of Group announcements which include the interim and annual results.

Further details are also discussed in the section 172 report available on pages 11 and 12.

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 22 May 2023 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 U.K. LLP will be proposed at the AGM.

Related Party Transactions

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

Modern Slavery Act

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

Subsequent Events and Future Developments

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

Planned future developments are disclosed in the strategic report on page 4.

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.

Approval

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

Richard Myson
Chief Financial Officer

22 May 2023

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 Group financial statements for each financial year. Under that law and as required by the Alternative Investment Market rules of the London Stock Exchange, the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the 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 IFRSs as adopted by the United Kingdom, subject to any material departures disclosed and explained in the financial statements for the Group and statements in accordance with United Kingdom Generally Accepted Accounting Practice subject to any material departures disclosed and explained in the financial statements for the company.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group 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 Group'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 Group'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 and signed on its behalf by:

Richard Myson
Chief Financial Officer

22 May 2023

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 2022, which comprise:

- the Consolidated Income Statement and Consolidated Statement of Other Comprehensive Income;
- the Consolidated and Company Statements of Financial Position;
- the Consolidated and Company Statements of Changes in Equity;
- the Consolidated 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 (UK IAS). 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 2022 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK IAS;
- 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 and Parent Company 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, as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the going concern paragraph in Note 2 in the financial statements which highlights the risks to the Group and Parent Company's ability to trade as a going concern as there can be no certainty over the nature of the continuing operations of the Group should the acquisition by DLM Bidco Limited proceed successfully. As stated in the going concern paragraph in Note 2 in the financial statements, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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:

We obtained and reviewed the Directors' assessment of the Group's and the Parent Company's ability to continue as a going concern with the supporting working capital model for a period at least 12 months from the date of the approval of the financial statements. Our audit procedures were as follows:

- We obtained an understanding of the key controls over the working capital model and assessed the appropriateness of the approach, assumptions and arithmetic accuracy of that model used by management when performing their going concern assessment;
- We assessed the accuracy of management's past forecasting for the previous financial years by comparing management's forecasts to actual results for those years and have considered the impact on the working capital forecast;
- We assessed and tested the integrity of the working capital model, reviewed and challenged the underlying data and key assumptions used to make the assessment;
- We reviewed and considered potential downside scenarios and the resultant impact on available funds, to assess the reasonableness of economic assumptions on the Group's liquidity position; and
- We assessed the adequacy of the disclosures made in the financial statements.

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

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 £470,000 based on approximately 5% of the Group's profit before tax for the year to 31 December 2022 normalised by adding back impairment loss and exceptional items. In 2021, the overall materiality of £525,000 represented approximately 8% of the Group's profit before tax for the year to 31 December 2021 normalised by adding back exceptional items and approximately 5% of Adjusted Profit for that year, which is the non-GAAP measure which the Group uses for market guidance. As the Group is a trading group we determined that a trading based metric was the most appropriate to use for determining materiality.
- £329,000 is the Group level of performance materiality (2021: £392,000) 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.
- £23,500 (2021: £26,000) 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 (2021: £85,000) and its performance materiality to be £60,000 (2021: £60,000).

Overview of the scope of our audit

There are eight 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 two UK significant components were conducted from the UK. Audit work on significant non-UK components Delamode Bulgaria EOOD, Delamode Baltics UAB, Delamode Romania Srl, Affinity Transport Solutions, Srl and Pallet Express Srl was carried out by members of the Crowe Global international network firms in Bulgaria, Romania and Lithuania as component auditors. Financial information from other components not considered to be individually significant was subject to desktop 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.

We conducted our oversight of our component audit team through regular dialogue via conference calls, video conferencing and other forms of communication as considered necessary. We performed remote working paper reviews to satisfy ourselves as to the appropriateness of audit work performed by our component audit team. This year the site visit was undertaken by the Senior Statutory Auditor to the component team in Lithuania. 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.

In addition to the matter described in the material uncertainty in relation to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. 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, and customer related and technology related assets, predominantly arising from past business combinations. The total carrying value of the intangible assets was £20 million at 31 December 2022 (2021: £21.9 million), which include an impairment charge of £1.5 million in the year (2021: £nil). Management is required to test goodwill for impairment on an annual basis. The impairment testing of other intangible assets is required if there is any indicator of impairment. The value in use calculation for the cash generating unit (CGU), which represents the estimated recoverable amount, is subjective due to the inherent uncertainty involved in forecasting and discounting estimated future cash flows (specifically the key assumptions such as revenue growth and discount rate). The effect of these matters is that, despite the impairment in the year, as part of our risk assessment we determined that the carrying amount of the intangible asset has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and therefore we considered this to be a significant risk.	We confirmed the existence and the design effectiveness of control around management's impairment assessment for intangible assets. We obtained management's impairment assessment of intangible assets (including goodwill), reviewed the management's impairment model and discussed the key inputs into the model 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; • the discount rate applied to the forecast, and • benchmarked the underlying key input assumption to the market information. We tested the accuracy of management's forecasting through a comparison of budget to actual data and historical variance trends. 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. We also considered the disclosure made in the financial statements relating to impairments are appropriate.
Carrying value of investments in subsidiaries	
Note 5 of the Parent Company financial statements At 31 December 2022 the carrying value of investments in subsidiaries in the financial statements of the Parent Company was £54.9 million (2021: £63.7 million), after recognising an impairment charge of £8.8million in the year (2021: £nil). The carrying amount of the investments in subsidiaries is dependent on the financial performance of the cash generating unit. Any adverse impact to the performance would likely result in an impairment to the carrying amount of the investment in subsidiaries.	We discussed with management whether any indication of impairment existed. This includes considering the existence of any indication of discontinued operating activities, management's future plans for business and the market capitalization of the Group. We obtained and reviewed the management's impairment model and discussed the key inputs into the model with management. We performed audit procedures, including applying challenge regarding the reasonableness on the key inputs assumption into the model and benchmarked the input assumptions to market information. We tested the accuracy of management's impairment model. We also considered managements' sensitivity analysis and 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 38, 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. We determined that the most significant frameworks that are directly relevant to specific assertions in the financial statements are those related to financial reporting and taxation laws, being UK IAS, the Companies Act 2006 and the AIM Rules.

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 and audit committees about their own identification and assessment of the risks of irregularities, reviewing of minutes of meetings of those charged with governance, designing audit procedures to incorporate unpredictability around the nature, extent and timing of our testing; testing a risk-based selection of journals, assessing the accounting treatment of non-routine transactions, challenging assumptions made by management in its significant accounting estimates, corroborating amounts and balances recognised to supporting documentation on a sample basis and ensuring accounting policies are appropriate under UK IAS and applicable law.

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.

Nick Jones
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
22 May 2023

Consolidated Income Statement

For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Gross billing	7	567,865	436,237
CONTINUING OPERATIONS			
Revenue	3	386,697	296,594
Cost of sales		(294,516)	(228,201)
GROSS PROFIT		92,181	68,393
Other operating income	4	2,217	1,478
Impairment losses on receivables	17	(863)	(1,475)
Administrative expenses	5	(84,213)	(62,344)
Exceptional items included in administrative expenses above	27	(483)	(2,610)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		9,805	8,662
OPERATING PROFIT	5	9,322	6,052
Finance costs	8	(2,848)	(1,937)
Finance income	8	47	172
PROFIT BEFORE INCOME TAX		6,521	4,287
Income tax	9	(3,701)	(2,410)
PROFIT FOR THE YEAR		**2,820**	**1,877**
Profit attributable to:			
Owners of the parent		(178)	417
Non-controlling interests		2,998	1,460
		2,820	**1,877**
Earnings per share attributable to the ordinary equity holders of the parent:			
Basic earnings pence per share	10	(0.13)	0.29

The notes form part of these financial statements

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2022

	2022 £'000	2021 £'000
PROFIT FOR THE YEAR	2,820	1,877
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	1,683	(1,289)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,503**	**588**
Total comprehensive income attributable to:		
Owners of the parent	1,329	(758)
Non-controlling interests	3,174	1,346
	4,503	**588**

The notes form part of these financial statements

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 £'000	2021 £'000
ASSETS			
NON-CURRENT ASSET			
Intangible assets	12	20,011	21,923
Property, plant and equipment	13	4,398	4,563
Right-of-use assets	25	93,303	58,321
Investments	16	33	–
Trade and other receivables	17	1,247	–
Deferred tax asset	9	813	904
		119,805	85,711
CURRENT ASSETS			
Inventories		283	235
Trade and other receivables	17	104,597	98,495
Cash and cash equivalents		13,126	11,684
		118,006	110,414
TOTAL ASSETS		**237,811**	**196,125**
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	22	7,134	7,134
Share premium	23	13,149	13,149
Equity reserve	23	–	108
Translation reserve	23	913	(594)
Merger reserve	23	3,102	3,102
Retained earnings	23	3,092	4,121
Issued share capital and reserves attributable to the owners of the parent		27,390	27,020
Non-controlling interests		4,503	2,170
TOTAL EQUITY		**31,893**	**29,190**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	20	3,759	2,191
Lease liabilities – right-of-use assets	25	83,765	50,625
Interest bearing loans and borrowings	19	4,083	–
Trade and other payables	18	273	343
Deferred tax liability	9	1,702	2,011
		93,582	55,170
CURRENT LIABILITIES			
Trade and other payables	18	87,436	86,219
Lease liabilities – right-of-use assets	25	12,287	9,053
Interest bearing loans and borrowings	19	12,613	16,493
		112,336	111,765
TOTAL LIABILITIES		**205,918**	**166,935**
TOTAL EQUITY AND LIABILITIES		**237,811**	**196,125**

The notes form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors and were signed by:

Richard Myson
CFO
22 May 2023

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	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 2021		7,134	13,149	108	(594)	3,102	4,121	27,020	2,170	29,190
Contributions by and distribution to owners										
Dividends paid	11	–	–	–	–	–	(851)	(851)	(841)	(1,692)
Share options charge		–	–	(108)	–	–	–	(108)	–	(108)
Total contribution by and distribution to owners		–	–	(108)	–	–	(851)	(959)	(841)	(1800)
Profit for the year		–	–	–	–	–	(178)	(178)	2,998	2,820
Exchange differences on translation of foreign operations		–	–	–	1,507	–	–	1,507	176	1,683
Total comprehensive income for the year		–	–	–	1,507	–	(178)	1,329	3,174	4,503
Balance at 31 December 2022		**7,134**	**13,149**	**–**	**913**	**3,102**	**3,092**	**27,390**	**4,503**	**31,893**

	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 granted		-	-	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**

The notes form part of these financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Continuing operations			
Cash flows from operating activities			
Cash generated from operations	1	21,124	6,721
Interest paid		(605)	(299)
Tax paid		(2,829)	(1,732)
Net cash from operating activities		**17,690**	**4,690**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(1,157)	(3,262)
Purchase of intangible fixed assets	12	(1,172)	(309)
Purchase of investments	16	(33)	–
Cash proceeds on disposal of property, plant and equipment		73	254
Interest received	8	47	172
Net cash outflow from investing activities		**(2,242)**	**(3,145)**
Cash flows from financing activities			
New loans in year	19	5,500	10,869
Loan repayments in year	19	(6,176)	(338)
Share issue (net of share issue costs)		–	12
Dividends paid	11	(851)	(2,197)
Repayments on leases		(14,024)	(9,347)
Non-controlling interest dividends paid		(841)	(508)
Net cash outflow from financing activities		**(16,392)**	**(1,509)**
(Decrease)/Increase in cash and cash equivalents		**(944)**	**36**
Cash and cash equivalents at beginning of year		**11,684**	**12,720**
Effect of foreign exchange rate movements		**1,507**	**(1,072)**
Cash and cash equivalents at end of year		**12,247**	**11,684**

Cash and cash equivalents at end of year includes overdrafts of £879,000 (2021: £nil).

The notes form part of these financial statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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

	2022 £'000	2021 £'000
Profit before income tax	6,521	4,287
Depreciation charges	13,790	9,691
Amortisation charges	1,742	1,676
Profit on disposal of property, plant and equipment	(14)	(47)
Impairment of intangibles	1,474	–
Loss/(profit) on disposal of right of use assets	10	(143)
Loss on disposal of intangible assets	3	–
Finance costs	2,848	1,937
Finance income	(47)	(172)
Share based payments (credit)/charge	(108)	107
	26,219	**17,336**
Increase in inventories	(48)	(176)
Increase in trade and other receivables	(6,652)	(31,520)
Increase in trade and other payables	37	21,043
Increase in provisions	1,568	38
Cash generated from operations	**21,124**	**6,721**

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 UK adopted international accounting standards, 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 IFRSs requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's accounting policies (see Note 2.1 – Critical accounting estimates and judgements).

Going concern

The Group meets its working capital requirements through the receipt of revenues from the provision of its services in the UK and in CEE, the management of capital and operating expenditure, from the working capital and other borrowing facilities available to it and, from time to time, from the issue of equity capital. Ultimately the receipt of revenues and charges due to the Group depends on the availability of liquidity for the Group's customers and the level of transport and logistics activity in the market.

The Director's expect to continue to grow the business throughout the current year, and at the same time, remain aware of the potential challenges. The business has good foundations and the changes that have occurred in the last nine months, have further enhanced the business base. While cognisant of the wider market environment and the ongoing volatility that is occurring in different parts of the marketplace, transportation and storage of goods will continue to be required and therefore the Director's believe the Group continues to be well placed to grow.

At 31 December 2022 the Group had cash and cash equivalents of £13,126,000 (2021: £11,684,000). 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.

However, on 4 May 2023, the Board recommended an Offer from DLM Bidco Limited (a newly incorporated entity indirectly owned by a consortium including the Company's largest shareholder, Cogels Investments Limited, the investment vehicle of close family members of Stephen Blyth (former CEO of Xpediator), funds managed by Baltcap, one of the largest private equity investors in the Baltic states, and Justas Versnickas, the Managing Director of, and 20% shareholder in, Delamode Baltics UAB, a subsidiary of Xpediator Plc (together the "Consortium") to acquire the entire issued, and to be issued, share capital of the Company, which may complete within the next 12 months. Details of the Offer are available on our investor website (https://xpediator.com/offer-for-xpediator-plc/)

Whilst the completion of the Offer is subject to approval by eligible shareholders at the shareholder meetings scheduled for 7 June 2023 and sanction by the High Court of Justice in England and Wales, the Group continues to operate autonomously with the assumption that trading will continue post-acquisition as modelled in the detailed forecasts, without adjustments to reflect any incremental costs or expected benefits should the acquisition go ahead. As the directors do not have visibility over the future intentions of the potential acquirer, there can be no certainty over the nature of the continuing operations of the Group should the acquisition proceed successfully. This gives rise to a material uncertainty, as defined in auditing and accounting standards, related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern and in such circumstances, the Group and the Company may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

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 logistics & warehousing business), where revenue is recorded in advance of invoicing the customer.

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

Logistics & Warehousing

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

Affinity

Revenue is recognised at a point in time only after the performance obligation has been actually 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 and intangibles 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 administrative expenses in 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. Deposits held with banks comprise 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

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

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

Fair value through profit and loss

This category only comprises of the element of deferred consideration on business combinations, which is contingent on the performance of the acquired businesses.

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

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.

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 profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled employee benefits reserve.

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

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. Further details can be found in note 27 to the Consolidated financial statements.

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.

The directors are aware of potential risks relating to the impact of climate change, and consider no provision is required at the year end (2021: £nil).

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 2022, the carrying value of intangible assets (including goodwill) is £20,011,000 (2021: £21,923,000). 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 £86,022,000 (2021: £77,699,000). Details of trade receivables and expected credit loss are disclosed in note 17.

- **Deferred tax assets**
  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 £813,000 (2021: £904,000) as disclosed in note 8.

2.1.2 Principal judgements

- **Current financial assets**
  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, are disclosed in note 17.

3. Revenue Analysis by Country

	2022 £'000	2021 £'000
United Kingdom	110,643	114,943
Lithuania	156,301	91,261
Romania	55,525	40,582
Bulgaria	41,707	33,369
Serbia	9,997	8,307
Other	12,524	8,132
Total revenue	**386,697**	**296,594**

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

3a) Revenue from Contracts with Customers

	2022 £'000	2021 £'000
Over a period of time	378,254	290,318
At a point in time	8,443	6,276
Total revenue	**386,697**	**296,594**

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

3b) Contract Assets

	2022 £'000	2021 £'000
At 1 January	6,256	1,335
Net movement for the year	(2,982)	4,921
At 31 December	**3,274**	**6,256**

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

3c) Non-Current Assets by Country

	2022 £'000	2021 £'000
United Kingdom	93,848	70,493
Romania	6,293	7,806
Bulgaria	5,273	699
Lithuania	13,848	6,547
Serbia	468	102
Other	75	64
Total Non-Current Assets	**119,805**	**85,711**

4. Other Operating Income

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

	2022 £'000	2021 £'000
Recharges to Franchise members	1,336	1,098
Recovery of fines/penalties	387	(90)
Rental income	392	20
Other	102	450
	2,217	**1,478**

5. Operating Profit

	2022 £'000	2021 £'000
Operating profit is stated after charging/(crediting):		
Short term hire costs	814	526
Depreciation – owned assets (note 13)	1,341	1,108
Depreciation – right of use assets (note 25)	12,449	8,583
Amortisation of intangible assets (note 12)[1]	1,742	1,676
Impairment of goodwill arising on acquisition of subsidiary (note 12)	1,474	–
Auditors' remuneration	330	320
Gain on disposal of property, plant and equipment	(14)	(47)
Loss on disposal of intangible assets	3	–
Loss/(gain) on disposal of right of use assets	10	(143)
Foreign exchange losses/(gains)	832	(344)

[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:

	2022 £'000	2021 £'000
Audit and Audit Related Services		
The audit of the Company and Group financial statements	131	114
The audit of the financial statements of subsidiaries of the Group	189	196
Other assurance services	10	10
Total audit and audit related services	**330**	**320**

6. Employee Benefit Expenses

	2022 £'000	2021 £'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	37,298	26,440
Short-term non-monetary benefits	113	447
Share based payments (credit)/charge	(108)	88
Defined contribution pension cost	532	367
Social security contributions and similar taxes	2,183	1,695
Total	**40,018**	**29,037**

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.

	2022 £'000	2021 £'000
Salary and bonuses	1,259	1,985
Compensation for loss of office	202	202
Short-term non-monetary benefits	26	27
Share based payments (credit)/charge	(19)	19
Defined contribution pension cost	13	44
Total	**1,481**	**2,277**

Directors' remuneration

	2022 £'000	2021 £'000
Salary and bonuses	943	907
Compensation for loss of office	80	202
Short-term non-monetary benefits	10	24
Share based payments (credit)/charge	(10)	10
Defined contribution pension cost	4	11
Total	**1,027**	**1,154**

Short-term non-monetary benefits comprises of private family medical cover, company car and insurance benefits.

Total remuneration regarding the highest paid Director is as follows:

	2022 £'000	2021 £'000
Total aggregate remuneration	**232**	**617**

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

	2022	2021
Freight forwarding	859	754
Logistics	585	550
Other	67	128
Total	**1,511**	**1,432**

7. Segmental Analysis

Types of services from which each reportable segment derives its revenues

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

- Freight Forwarding – This division is the core business and relates to the movement of freight goods across Europe. This division accounts for the largest proportion of the Group's business, generating 81% of its external revenues. (2021: 79%)
- Affinity – This division is the Transport Solution's arm of the Group. It focuses on the reselling of DKV fuel cards, leasing, ferry crossings and other associated transport related services. This division accounts for 2% of the Group's business in terms of revenue (2021: 2%)
- Logistics & Warehousing – This division is involved in the warehousing and domestic distribution; delivering 17% of the Group's external revenues in 2022 (2021: 19%).

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 8. 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 2022 £'000	Logistics & Warehousing 2022 £'000	Affinity 2022 £'000	Overheads 2022 £'000	Total 2022 £'000
Gross billings	**312,596**	**65,627**	**189,611**	**31**	**567,865**
Less recoverable disbursements	–	–	(181,168)	–	(181,168)
Total revenue	312,596	65,627	8,443	31	386,697
Inter-segmental revenue	74	(74)	–	–	–
Total revenue from external customers	**312,670**	**65,553**	**8,443**	**31**	**386,697**
Depreciation & amortisation (excluding right-of-use asset depreciation)	(1,209)	(1,493)	(64)	(317)	(3,083)
Segment profit before central overhead allocation (excluding exceptional items)	**12,572**	**662**	**2,709**	**(6,138)**	**9,805**
Allocation of central overheads	(1,347)	(707)	(17)	2,071	–
Segment profit after central overhead allocation (excluding exceptional items)	**11,225**	**(45)**	**2,692**	**(4,067)**	**9,805**
Net finance costs					(2,801)
Exceptional items					(483)
Profit before income tax					**6,521**
Total segment assets / equity & liabilities	**102,438**	**84,706**	**28,966**	**21,701**	**237,811**

	Freight Forwarding 2021 £'000	Logistics & Warehousing 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 / equity & liabilities	**88,065**	**71,281**	**25,917**	**10,862**	**196,125**

8. Net Finance Costs

	2022 £'000	2021 £'000
Finance income:		
Deposit account interest	47	143
Interest receivable on Benfleet vendor income	–	29
Total finance income	**47**	**172**
Finance costs:		
Bank loan & confidential invoicing discount interest	(687)	(352)
Right-of-use asset interest	(2,161)	(1,585)
Total finance costs	**(2,848)**	**(1,937)**
Net finance costs	**(2,801)**	**(1,765)**

9. Income Tax

Analysis of tax expense

	2022 £'000	2021 £'000
Current tax:		
Tax on profits for the year	4,004	2,338
Adjustments in respect of prior periods	(65)	(60)
Total current tax payable	**3,939**	**2,278**
Deferred tax credit	(238)	132
Total tax expense in consolidated statement of profit or loss	**3,701**	**2,410**

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:

	2022 £'000	2021 £'000
Profit before tax	6,521	4,287
UK tax charge at 19%	1,239	814
Overseas tax charge	(976)	(616)
Expenses not deductible for tax purposes	1,252	728
Movement in deferred tax	(238)	(134)
Remeasurement of deferred tax – change in the UK tax rate	–	266
Unrecognised deferred tax	2,515	1,826
Adjustment in respect of prior periods	(65)	(60)
Other	(26)	(414)
Total tax expense	**3,701**	**2,410**

Deferred Tax

Assets – Arising from Trading losses	2022 £'000	2021 £'000
Balance as at 1 January	904	707
Movement in the year as a result of trading	(91)	(20)
Effect of change in rate of taxation	–	217
Balance as at 31 December	**813**	**904**

Liabilities	2022 £'000	2021 £'000
Balance as at 1 January	(2,011)	(1,697)
(Charge)/release to income statements	328	154
Effect of change in rate of taxation	–	(483)
Movement in foreign exchange	(19)	15
Balance as at 31 December	**(1,702)**	**(2,011)**

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

The UK government announced that the corporation tax rate of 25% will be enacted for the tax year 1 April 2023 to 31 March 2024 and this is the rate reflected in these financial statements. Deferred taxes at the statement of financial position date have been measured using these enacted tax rates and reflected in these financial statements.

In addition, the Group has potential deferred tax assets for trading losses totalling £8,481,000 (2021: £3,170,000) 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

	2022 '000	2021 '000
Basic weighted average number of shares	**141,688**	**141,660**
Potentially dilutive share options	–	267
Diluted weighted average number of shares	**141,688**	**141,927**

	2022 £'000	2021 £'000
(Loss)/profit for the year attributable to owners of the parent company	**(178)**	**417**
Earnings pence per share - basic	**(0.13)**	**0.29**
Earnings pence per share - diluted	**N/a**	**0.29**
(Loss)/profit for the year attributable to owners of the parent company	**(178)**	**417**
Exceptional items (note 27)	483	2,610
Amortisation of intangible assets arising from acquisitions (note 12)	1,471	1,472
Impairment of goodwill arising on acquisition of subsidiary (note 12)	1,474	–
Additional interest charge due to IFRS16 accounting standard change	1,046	714
Adjusted profit for the year attributable to owners of the parent company	**4,296**	**5,213**
Adjusted earnings pence per share – basic	**3.03**	**3.68**
Adjusted earnings pence per share – diluted	**3.030**	**3.67**

11. Dividends

	2022 £'000	2021 £'000
Final dividend of £nil (2021: 0.60p) per ordinary share	–	850
Interim dividend of £nil (2021: 0.50p) per ordinary share	–	709

Subject to approval by shareholders, the Board is not recommending a final dividend to be paid to shareholders, whilst no interim dividend was paid during the year. In 2021 a total dividend of 1.10p per share was paid.

However, pursuant to the Offer and conditional upon shareholder approval and the Offer completing, a special dividend of 2p per share will be paid by the Company, further details as to the timing of which will be provided as appropriate, in due course.

12. Intangible Assets

Group

COST	Licences and trademarks £'000	Goodwill £'000	Customer Related £'000	Technology Related £'000	Total £'000
At 1 January 2022	3,387	14,160	12,258	510	30,315
Additions	1,172	–	–	–	1,172
Transfer	(253)	253	–	–	–
Disposals	(4)	–	–	–	(4)
Exchange differences	182	–	–	–	182
At 31 December 2022	**4,484**	**14,413**	**12,258**	**510**	**31,665**
AMORTISATION					
At 1 January 2022	**952**	**1,845**	**5,241**	**354**	**8,392**
Charge for the year	364	–	1,276	102	1,742
Impairment	–	1,474	–	–	1,474
Disposals	(1)	–	–	–	(1)
Exchange differences	47	–	–	–	47
At 31 December 2022	**1,362**	**3,319**	**6,517**	**456**	**11,654**
NET BOOK VALUE					
At 31 December 2022	**3,122**	**11,094**	**5,741**	**54**	**20,011**
At 1 January 2022	**2,435**	**12,315**	**7,017**	**156**	**21,923**

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**

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.

Goodwill arising on acquisition of a UK freight forwarding subsidiary was written down during the year by £1,474,000 (2021: £nil), reflecting expected profitability.

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. 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 13.8% to 17.3% to the cash flow projections when determining the net present value of these cash flow. Goodwill arising on acquisition of a UK freight forwarding subsidiary was written down during the year by £1,474,000 (2021: £nil), reflecting expected profitability. The Directors believe there is sufficient headroom in the value of the remaining CGUs to not have to further impair the goodwill.

Key assumptions used in the impairment calculations are as follows:

Entity	Division	Impairment WACC %	Short term Revenue Growth Rate %	Long Term Revenue Growth Rates %
Pallet Express Srl	Logistics & Warehousing	15.4	13.1	3.0
Delamode Logistics Limited	Logistics & Warehousing	14.6	(2.7)	3.5
Delamode Anglia Limited	Freight Forwarding	17.3	1.0	1.3
Regional Express Limited	Logistics & Warehousing	15.4	5.4	3.0
Nidd Transport Limited	Freight Forwarding	13.8	7.2	3.3

The WACC of the Group has been calculated at a rate of between 13.8% to 17.3% 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

Impairment testing is dependent on management's estimates and judgements, particularly as they relate to the forecasting of future cashflows, the discount rates selected and expected long-term growth rates.

The Group has conducted sensitivity analysis on the impairment test of the CGU's classified within continuing operations. Goodwill arising on acquisition of a UK freight forwarding subsidiary was written down during the year by £1,474,000 (2021: £nil), reflecting expected profitability and considering sensitivity in key assumptions, as detailed below (inclusive of the write down):

Assumption	Estimate used	Change £'000	Excess / (Shortfall) £'000
Increase in long term growth	1.3%	+ 1.0%	2,599
Decrease in long term growth	1.3%	- 1.0%	1,515
Increase in WACC	17.3%	+ 1.0%	1,587
Decrease in margins	Forecast	- 0.25%	1,225
Delay in turnaround – EBIT as % of revenue in 2023/2024	1.8%	- 3.4%	(684)

The directors believe that there is sufficient headroom in the value of the remaining business to not have to further impair the goodwill.

13. Property, Plant and Equipment

Group	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 January 2022	322	4,248	921	3,824	9,315
Additions	131	548	79	399	1,157
Disposals	–	(183)	(132)	(141)	(456)
Transfers between categories	–	230	(99)	(131)	–
Exchange differences	43	35	(65)	5	18
At 31 December 2022	**496**	**4,878**	**704**	**3,956**	**10,034**
DEPRECIATION					
At 1 January 2022	121	1,881	529	2,221	4,752
Charge for the year	41	628	87	585	1,341
Eliminated on disposal	–	(174)	(119)	(104)	(397)
Transfers between categories	–	136	(1)	(135)	–
Exchange differences	1	27	(41)	(47)	(60)
At 31 December 2022	**163**	**2,498**	**455**	**2,520**	**5,636**
NET BOOK VALUE					
At 31 December 2022	**333**	**2,380**	**249**	**1,436**	**4,398**
At 1 January 2022	**201**	**2,367**	**392**	**1,603**	**4,563**

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

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 2022	Proportion of ownership interest 2021
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 Netherlands BV	14	Netherlands	100%	-
Delamode Finland OY	15	Finland	100%	-

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

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

2 Bulevardul Timişoara, Nr. 4A, Etaj 1, Bucureşti Sectorul 6, 061328, 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 Bul. Dzordza, Vasingtona 51/43, Podgorica, 81000, Montenegro

7 Bul. Llinden No 109/1-15, 1000 Skopje, Macedonia

8 Naugarduko g.98 LT-03160, Vilnius, Lithuania

9 Pärnu mnt 160e, 11318 Tallinn, Estonia

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

11 Stefan cel Mare street, no. 197A, Sibiu, 550321, Romania

12 1141 Budapest Szuglo utcs 82, Hungary

13 Darmstadter Landstrasse 116, Frankfurt, 60598, Germany

14 Venneveld 9, 4705RR Roosendaal, the Netherlands

15 Malminkaari 23 A 00700 Helsinki, Finland

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
Anglia Forwarding Group Limited	07148692
Benfleet Forwarding Limited	02218468
Easy Managed Transport Limited	02293696
Delamode Holdings Limited	05751316
Delamode Plc	03716214

15. Non-Controlling Interests

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

	2022	2021
Delamode Baltics UAB	20.0%	20.0%
Delamode Estonia OÜ	20.0%	20.0%
Delamode Bulgaria OOD	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 OOD and Delamode Baltics UAB before intra-Group eliminations, is presented below together with amounts attributable to NCI:

	Delamode Bulgaria OOD £'000	Delamode Baltics UAB £'000
Total NCI at 1 January 2022	201	1,715
Non-controlling interest in results for the year	142	2,814
Non-controlling interest in dividends for the year	(90)	(629)
Non-controlling Interest in translation adjustment	11	94
Total NCI at 31 December 2022	**264**	**3,994**

	Delamode Bulgaria OOD £'000	Delamode Baltics UAB £'000
Share Capital	–	5
Reserves	264	3,989
Total NCI at 31 December 2022	**264**	**3,994**

Income Statement

	Delamode Bulgaria OOD		Delamode Baltics UAB	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Revenue	42,503	34,428	158,726	93,066
Cost of sales	(37,825)	(30,598)	(128,231)	(78,135)
Gross profit	**4,678**	**3,830**	**30,495**	**14,931**
Administrative expenses	(3,335)	(2,522)	(15,394)	(8,298)
Other income	227	21	451	164
Operating profit	**1,570**	**1,329**	**15,552**	**6,797**
Finance income/(costs)	(52)	(15)	350	217
Profit before tax	**1,518**	**1,314**	**15,902**	**7,014**
Tax expense	(153)	(132)	(2,366)	(1,051)
Profit after tax	**1,365**	**1,182**	**13,536**	**5,963**
Profit after tax attributable to non-controlling interests	**137**	**118**	**2,707**	**1,193**

Statement of Financial Position

	Delamode Bulgaria OOD		Delamode Baltics UAB	
For the year to 31 December	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Assets:				
Non-current trade and receivables	31	17	1,548	465
Property plant and equipment	65	80	383	240
Right-of-use assets	5,187	622	12,079	6,240
Inventories	33	13	56	175
Trade and other debtors	6,962	7,462	35,497	22,011
Cash and cash equivalents	1,614	914	6,708	1,495
	13,892	**9,108**	**56,271**	**30,626**
Liabilities:				
Trade and other payables	6,080	6,477	23,821	15,813
Lease liabilities – right-of-use assets	5,167	622	11,801	6,240
Loans and other borrowings	–	–	680	–
	11,247	**7,099**	**36,302**	**22,053**
Total net assets	**2,645**	**2,009**	**19,969**	**8,573**
Accumulated non-controlling interests	**264**	**201**	**3,994**	**1,715**

Statement of Cash Flows

For the year to 31 December	Delamode Bulgaria OOD 2022 £'000	Delamode Bulgaria OOD 2021 £'000	Delamode Baltics UAB 2022 £'000	Delamode Baltics UAB 2021 £'000
Cash flows from operating activities	1,859	848	8,684	352
Cash flows from investing activities	(34)	(21)	(3,168)	525
Cash flows from financing activities	(1,246)	(973)	(754)	(1409)
Increase/(Decrease) in cash and cash equivalents	579	(146)	4,762	(532)
Cash and cash equivalents at beginning of year	**914**	**1,156**	**1,495**	**2,336**
Effect of foreign exchange rate movements	**121**	**(96)**	**451**	**(309)**
Cash and cash equivalents at end of year	**1,614**	**914**	**6,708**	**1,495**

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

16. Investments

Cost	Participating interests £'000
At 1 January 2022	–
Movement	33
At 31 December 2022	33
Net Book Value	
At 31 December 2022	**33**

17. Trade and Other Receivables

Group	2022 £'000	2021 £'000
Current:		
Trade receivables	90,867	82,127
Less: provision for impairment of trade receivables	(4,845)	(4,428)
	86,022	77,699
Current financial assets	4,915	5,082
Prepayments and contract assets	10,584	10,845
Other receivables	3,076	4,869
Total	**104,597**	**98,495**
Non-Current		
Trade and other receivables	**1,247**	**–**

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.

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	2022 £'000	2021 £'000
At 1 January	4,428	2,976
Amount charged to the Consolidated Income Statement in the year	863	1,475
Receivables written off during the year as uncollectible	(446)	(23)
At 31 December	**4,845**	**4,428**

The lifetime expected loss provision for trade receivables and contract assets is as follows:

At 31 December 2022	Current £'000	More than 30 Days Past Due £'000	More than 60 Days Past Due £'000	More than 90 Days Past Due £'000	Total £'000
Expected loss rate	0.27%	4.24%	6.14%	66.73%	
Gross carrying amount	80,120	5,471	1,978	6,412	93,981
Loss provision	213	232	121	4,279	4,845

At 31 December 2021	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	2022 £'000	2021 £'000
Current:		
Trade and other payables	76,475	72,094
Social security and other taxes	3,838	2,032
Other creditors	2,988	6,760
Accruals	4,135	5,333
Total Trade and other payables	**87,436**	**86,219**
Non-current		
Trade and other payables	**273**	**343**

19. Bank and Other Loans

Group	2022 £'000	2021 £'000
Current:		
Overdrafts	879	–
Bank loans	912	1,891
Confidential invoice discounting facility	10,822	14,602
	12,613	**16,493**
Non-current:		
Bank loans - 1-2 years	913	–
Bank loans - 2-5 years	3,170	–
Bank loans due after 5 years repayable by instalments	–	–
	4,083	**–**

The Lloyds bank loan, on which interest was charged at both a fixed rate of 6.4% and a variable rate of 1.1% above the Bank of England base rate, was repaid in full in January 2022. This was replaced with a loan facility from Investec bank, in which interest is payable at a variable rate of 4.5% above the Bank of England base rate and is repayable by April 2026.

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	2022 £'000	2021 £'000
Bank borrowings and others		
– Secured	4,083	–
Current		
Bank borrowings and others		
- Secured	12,613	16,493
Total loans and borrowings	**16,696**	**16,493**
Sterling	16,696	16,493

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	2022 £'000	2021 £'000
At 1 January	16,493	5,962
New borrowings in the year	6,379	10,869
Borrowings repaid during the year	(6,176)	(338)
At 31 December	**16,696**	**16,493**

20. Provisions

Other provisions relate to an assessment of dilapidation of leasehold properties. In each instance, management undertake surveys from time to time to understand the work required to bring the leasehold properties back to their original condition. The additions relate to the new leasehold properties and the provisions at each reporting date are as follows:

	2022 £'000	2021 £'000
At 1 January	2,191	2,153
Additions during the year	1,568	38
At 31 December	**3,759**	**2,191**

21. Financial Instruments - Risk Management

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

- Credit risk
- Market price risk
- Cash flow and fair value interest rate risk
- Foreign exchange 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 (excluding prepayments)
- 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

	2022 £'000	2021 £'000
Cash and cash equivalents	13,126	11,684
Trade and other receivables	99,188	87,650
Total financial assets at amortised costs	**112,314**	**99,334**

Financial Liabilities

	Fair value through profit and loss		Loans and other payables	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade and other payables	–	–	87,709	81,229
Overdrafts, bank loans and invoice discounting	–	–	16,696	16,493
Lease liabilities	–	–	96,052	59,678
Total financial liabilities	**–**	**–**	**200,457**	**157,400**

Financial instruments not measured at fair value

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

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including foreign exchange risk, price risk and cashflow and fair value interest rate risk) and liquidity risk. The financial risks relate to the following financial instruments: cash and cash equivalents, trade and other receivables (excluding prepayments), trade and other payables, and loans and borrowings. The accounting policies with respect to these financial instruments are described in note 2.

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	2022* Rating	2022 £'000	2021 £'000
Barclays Bank plc	A+	436	737
Lloyds Bank plc	A+	725	4,274
Raiffeisen Bank AG	A-	3,496	3,903
NatWest group plc	A	57	14
Swedbank	A+	5,659	1,217
HSBC	A+	95	165
Bank of Transylvania	BB+	415	194
Unicredit Bulbank	A-	135	30
Hipotekarna Bank	N/a	260	222
Erste Bank	A+	252	187
Luminor Bank AB	N/a	322	114
Ebury	N/a	525	114
PKO Bank Polski	N/a	244	114
Other		505	399
Total		**13,126**	**11,684**

* Based on Standard & Poor Rating

(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 varies the way it charges its commissions.

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

Petrol price risk effect on net profit sensitivity analysis:	2022 £'000	2021 £'000
Price increased by 10%	271	166
Price decreased by 10%	(271)	(166)

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:	2022 £'000	2021 £'000
Interest rates increased by 0.25%	(42)	(45)
Interest rates decreased by 0.25%	42	45

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	MDL LEU £'000	BGN LEV £'000	RSD Dinar £'000	HUF Forints £'000	MKD Denar £'000	Total £'000
At 31 December 2022									
Financial assets	25,051	44,159	32,389	332	8,103	2,204	1	75	112,314
Financial liabilities	110,601	49,159	28,528	240	9,282	2,618	–	29	200,457
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

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:	2022 £'000	2021 £'000
Euro (EUR)		
Strengthened by 10%	(430)	(53)
Weakened by 10%	430	53
Romanian Lei (RON)		
Strengthened by 10%	386	(90)
Weakened by 10%	(386)	90
Moldavian Leu (MDL)		
Strengthened by 10%	9	7
Weakened by 10%	(9)	(7)
Serbian Dinar (RSD)		
Strengthened by 10%	(41)	38
Weakened by 10%	41	(38)
Bulgarian Lev (BGN)		
Strengthened by 10%	(188)	29
Weakened by 10%	188	(29)
Macedonian Denar (MKD)		
Strengthened by 10%	5	(8)
Weakened by 10%	(5)	8

(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 2022	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	87,436	273	–	–
Overdrafts, bank loans & invoice discounting	12,977	1,205	3,458	–
Lease liabilities	15,310	13,254	26,663	64,454
Total	**115,723**	**14,732**	**30,121**	**64,454**

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	80,886	343	–	–
Bank loans & invoice discounting	16,493	–	–	–
Lease liabilities	9,053	8,528	13,852	28,245
Total	**106,432**	**8,871**	**13,852**	**28,245**

22. Called Up Share Capital

Ordinary Shares of £0.05 each	2022 Number	2022 £'000	2021 Number	2021 £'000
At the beginning of the year	141,688,425	7,084	141,633,175	7,082
Issued during the year	–	–	55,250	2
At the end of the year	**141,688,425**	**7,084**	**141,688,425**	**7,084**
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**	**141,738,425**	**7,134**

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.

23. Reserve Description and Purpose

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.

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.

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

24. Share-Based Payments

The Company has granted Directors and key management share option plans. These are unapproved schemes so they do not satisfy the requirements of schedule 4, ITEPA. A summary of the options plans 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	–	0.05	March 2022	March 2025
CSOP	2,426,966	0.49	December 2023	February 2024
Total	**2,426,966**			

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.

On 3 March 2021, the company awarded 2,430,291 to Robert Ross and Mike Williamson under a long term investment plan (LTIP). Both employees have since left the company and the options have lapsed.

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:

	2022 No	2021 No
At 1 January	2,986,111	55,250
Share options exercised during the year	–	(55,250)
Share options granted during the year	449,438	5,598,830
Share options lapsed during the year	(1,008,583)	(2,612,719)
At 31 December	**2,426,966**	**2,986,111**
Weighted average share price of options	£0.49	£0.45
Weighted average grant fair value	£0.11	£0.13
Weighted average contractual life	12 months	25 months
Exercise price	£0.49	£0.45

The weighted average grant fair value at the year was 2022 £0.11 (2021: £0.13) per option. The outstanding options have a weighted average contractual life of 24 months (2021: 25 months), and exercise price between £0.15 and £0.49 (2021: between £0.05 and £0.49).

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

	2022	2021
Risk free investment	2.30%	2.15%
Expected life	12 Months	25 Months
Expected volatility	37.07%	39.56%

The Group recognised a total credit of £108,000 (2021: charge of £107,000) relating to equity-settled share-based payments in light of recent share prices of the Company.

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 2022	68,315	7,658	75,973
Additions	35,479	11,424	46,903
Disposals	(1,291)	(535)	(1,826)
Exchange differences	803	137	940
At 31 December 2022	**103,306**	**18,684**	**121,990**
DEPRECIATION			
At 1 January 2022	16,164	1,488	17,652
Charge for the year	9,394	3,055	12,449
Eliminated on disposal	(1,284)	(437)	(1,721)
Exchange differences	283	24	307
At 31 December 2022	**24,557**	**4,130**	**28,687**
NET BOOK VALUE			
At 31 December 2022	**78,749**	**14,554**	**93,303**
At 31 December 2021	**52,151**	**6,170**	**58,321**

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**

Lease liabilities included in the consolidated statement of financial position

	2022 £'000	2021 £'000
Current	12,287	9,053
Non-Current	83,765	50,625
Total	**96,052**	**59,678**

Amount recognised in the consolidated income statement

	2022 £'000	2021 £'000
Depreciation on right-of-use property premises	9,394	7,379
Depreciation charged on other right-of-use assets	3,055	1,204
Interest on lease liabilities	2,161	1,637
Total	**14,610**	**10,220**

The total cash outflow for leases during the current year was £14,023,000 (2021: £9,347,000). Further lease disclosures are in note 29.

26. Related Party Transactions

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Related Party								
Delamode Holding BV	114	–	–	–	–	–	–	116
Delamode Propretati, Srl	–	–	–	4	–	–	–	–
Cogels Investment BV	–	1	–	–	–	–	–	–
EshopweDrop Baltics	199	–	–	–	72	–	–	–
EshopweDrop Romania	17	–	–	–	2	–	–	–
EshopweDrop Holdings	–	–	–	–	3	–	–	–
Franchisees								
Delamode (SW) Limited	410	215	29	–	58	25	8	–
Delamode Latvia SA	485	–	189	–	67	–	22	–
Companies in which directors or their immediate family have a significant controlling interest								
Board Mentoring Limited	–	–	128	–	–	–	65	–
Sebastian Associates Limited	–	–	230	–	–	–	72	–

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

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

Cogels Investment BV is a Company owned by Stephen Blyth, a director of Cogels Investments Limited who are a shareholder of Xpediator Plc.

EshopweDrop Baltics, EshopweDrop Romania and EshopweDrop Holdings are all entities partly owned by Stephen Blyth, a director of Cogels Investments Limited who are a shareholder of Xpediator Plc.

Delamode (SW) Limited ("DSW") is a franchisee of the Group. In 2018, Delamode Holdings Limited entered into a franchise agreement with 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.

Delamode Latvia SA is a new franchisee of the Group. During 2022, Delamode Baltics UAB entered into a franchise agreement with Delamode Latvia SA.

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.

27. Exceptional Items

During the year, the Group incurred non-recurring costs totalling £483,000 (2021: £2,610,000)

An analysis by type of expense is show below.

	2022 £'000	2021 £'000
Relocation costs	–	1,654
Compensation for loss of office and associated recruitment costs	143	539
Financing negotiation fees	–	116
Costs associated with offer received for share capital of Xpediator plc	148	–
Redundancy and restructuring	40	–
Aborted acquisition costs	152	301
Total	**483**	**2,610**

28. Subsequent Events

On 4 May 2023, the Board recommended an Offer from DLM Bidco Limited (a newly incorporated entity indirectly owned by a consortium including the Company's largest shareholder, Cogels Investments Limited ("Cogels"), the investment vehicle of close family members of Stephen Blyth (former CEO of Xpediator), funds managed by Baltcap, one of the largest private equity investors in the Baltic states, and Justas Versnickas, the Managing Director of, and 20% shareholder in, Delamode Baltics UAB, a subsidiary of Xpediator Plc (together the "Consortium") to acquire the entire issued, and to be issued, share capital of the Company. The Offer is for 42p per share and a special dividend of 2p per share and values the Company at approximately £62.3m. Shareholder meetings will be held on 7 June 2023 at which eligible shareholders will vote on the proposed Offer.

On 5 April 2023, Xpediator and the Consortium referred to above, entered into a co-operation agreement in relation to the Offer (the "Co-operation Agreement"). Under the terms of the Co-operation Agreement, the parties agreed, amongst other things, that a cash award be made to Richard Myson, Xpediator's CFO, in lieu of his entitlement to receive an award under the Xpediator LTIP ("Cash Award"). The maximum cash amount payable pursuant to the Cash Award will be calculated as 346,391 Xpediator Shares multiplied by the Cash Offer per Xpediator Share. The Cash Award will vest and become payable on the Effective Date of the Offer.

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 statement of financial position 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%	605
Property leases with fixed payments	37	12%	–	–
Leases of plant & equipment	165	55%	–	–
Vehicle leases	96	32%	–	–
Total	**301**	**99%**	**1%**	**605**

30. Analysis of Changes in Net Debt

Group	At 31 December 2021 £'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 2022 £'000
Cash at bank	11,684	(65)	1,507	–	–	–	–	13,126
Short term deposits	–	–	–	–	–	–	–	–
Total cash	**11,684**	**(65)**	**1,507**	**–**	**–**	**–**	**–**	**13,126**
Overdrafts	–	879	–	–	–	–	–	879
Confidential invoice discounting facility	14,602	(3,780)	–	–	–	–	–	10,822
Bank loans	1,891	3,104	–	–	–	–	–	4,995
Right-of-use-assets	59,678	(14,023)	648	46,903	(94)	2,243	697	96,052
Total debt	**76,171**	**(13,820)**	**648**	**46,903**	**(94)**	**2,243**	**697**	**112,748**
Net debt	**(64,487)**							**(99,622)**
Net debt excluding right-of-use assets	**(4,809)**							**(3,570)**

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 debt	**(25,482)**							**(64,487)**
Net cash/(debt) excluding right-of-use assets	**6,758**							**(4,809)**

Non-cash items relate to right-of-use-assets accounting under IFRS16, which the directors consider would misrepresent the net cash/(debt) position of the Group. Further details on right-of-use-assets / leases can be found in note 25 to these Consolidated financial statements.

Reconciliation of net cash flow to movement in net debt

	2022 £'000	2021 £'000
Net (decrease)/increase in cash and cash equivalents	(944)	36
Net increase in borrowings and right-of-use assets	(35,050)	(38,811)
Foreign exchange movements	859	(230)
Increase in net debt	**(35,135)**	**(39,005)**
Opening net debt	**(64,487)**	**(25,482)**
Closing net debt	**(99,622)**	**(64,487)**

Company Statement of Financial Position

As at 31 December 2022

	Notes	2022 £'000	2021 £'000
ASSETS			
NON-CURRENT ASSET			
Intangible assets	3	236	418
Property, plant and equipment	4	127	217
Investments	5	54,866	63,668
Deferred Tax		640	640
		55,869	64,943
CURRENT ASSETS			
Trade and other receivables	6	9,254	10,441
Cash and cash equivalents		271	59
		9,525	10,500
TOTAL ASSETS		**65,394**	**75,443**
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	9	7,134	7,134
Share premium	10	13,149	13,149
Equity reserve	10	–	108
Merger reserve	10	24,694	24,694
Retained earnings	10	749	3,366
TOTAL EQUITY		**45,726**	**48,451**
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	8	4,083	–
		4,083	–
CURRENT LIABILITIES			
Interest bearing loans and borrowings	8	912	–
Trade and other payables	7	14,673	26,992
		15,585	26,992
TOTAL LIABILITIES		**19,668**	**26,992**
TOTAL EQUITY AND LIABILITIES		**65,394**	**75,443**

The Company made a loss in the year of £1,766,000 (2021: profit of £2,715,000).

Richard Myson
CFO

22 May 2023

Company Statement of Changes in Equity

For the year ended 31 December 2022

	Share Capital £'000	Share Premium £'000	Equity Reserve £'000	Merger Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 1 January 2022	**7,134**	**13,149**	**108**	**24,694**	**3,366**	**48,451**
Contribution by and distribution to owners						
Dividends paid	–	–	–	–	(851)	(851)
Share options credit	–	–	(108)	–	–	(108)
Total contributions by and distribution to owners	**7,134**	**13,149**	**–**	**24,694**	**2,515**	**47,492**
Loss for the year	–	–	–	–	(1,766)	(1,766)
At 31 December 2022	**7,134**	**13,149**	**–**	**24,694**	**749**	**45,726**

	Share Capital £'000	Share Premium £'000	Equity Reserve £'000	Merger Reserve £'000	Retained Earnings £'000	Total £'000
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 granted	–	–	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
At 31 December 2021	**7,134**	**13,149**	**108**	**24,694**	**3,366**	**48,451**

Notes to the Company Financial Statements

For the year ended 31 December 2022

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 2022, 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 directors believe that based on the current budgets and forecast cash flows, there is sufficient resources to meet its liabilities as they fall due. The financial statements have therefore been prepared on a going concern basis.

However, on 4 May 2023, the Board recommended an Offer from DLM Bidco Limited (a newly incorporated entity indirectly owned by a consortium including the Company's largest shareholder, Cogels Investments Limited, the investment vehicle of close family members of Stephen Blyth (former CEO of Xpediator), funds managed by Baltcap, one of the largest private equity investors in the Baltic states, and Justas Versnickas, the Managing Director of, and 20% shareholder in, Delamode Baltics UAB, a subsidiary of Xpediator Plc to acquire the entire issued, and to be issued, share capital of the Company, which may complete within the next 12 months. Details of the Offer are available on our investor website (https://xpediator.com/offer-for-xpediator)

Whilst completion of the Offer is subject to approval by eligible shareholders at the shareholder meetings scheduled for 7 June 2023 and sanction by the High Court of Justice in England and Wales, the Group and Company continues to operate autonomously with the assumption that trading will continue post-acquisition as modelled in the detailed forecasts, without adjustments to reflect any incremental costs or expected benefits should the acquisition go ahead. As the directors do not have visibility over the future intentions of the potential acquirer, there can be no certainty over the nature of the continuing operations of the Group and Company should the acquisition proceed successfully. This gives rise to a material uncertainty, as defined in auditing and accounting standards, related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern and in such circumstances, the Group and the Company may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

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.

Foreign currencies

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

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Any gains or losses arising from these conversions are credited or charged to the Income Statement.

Employee benefit costs

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

Investments

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

Other financial assets

Classification

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

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

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

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

Measurement

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

Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and 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 cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The Company classifies its financial liabilities into two categories:

Other financial liabilities

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

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

Fair value through profit and loss

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

Share-based payments

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

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

1.1 Critical accounting estimates and judgements

Impairment of Fixed Asset Investments

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

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

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

- The determination of the carrying value of the Company's investments in its subsidiary undertakings. During the year, the directors undertook an impairment assessment in line with the accounting policy. The directors recognised an impairment of £8,802,000 with respect to the Company's investment in the UK Freight Forwarding business which had been determined by reference to the recoverable value calculated in determining the impairment of goodwill, as set out in note 12 to the Group financial statements. Further details can be found in note 5 to the Company's financial statements.

2. Staff Costs

Compensation consists of 2 executive Directors, 3 non-executive Directors and 57 other employees (2021: 2 executive Directors, 4 non-executive Directors and 70 other employees).

	2022 £'000	2021 £'000
Employee benefit expenses (including directors) comprise:		
Salaries	4,158	4,176
Short-term non-monetary benefits	26	27
Share based payments (credit)/charge	(108)	108
Social security contributions and similar taxes	553	463
Defined contribution pension cost	71	71
Total	**4,700**	**4,845**

3. Intangible Assets

Cost

	Licences & Software £'000
At 1 January 2022	750
Additions	21
At 31 December 2022	**771**

Amortisation

	Licences & Software £'000
At 1 January 2022	332
Charge for the year	203
At 31 December 2022	**535**

Net Book Value

	Licences & Software £'000
At 31 December 2022	**236**
At 1 January 2022	**418**

4. Property, Plant & Equipment

	Leasehold Improvements £'000	Fixture & Fittings £'000	Computer Equipment £'000	Total £'000
COST				
At 1 January 2022	49	16	420	485
Additions	–	–	19	19
At 31 December 2022	**49**	**16**	**439**	**504**
DEPRECIATION				
At 1 January 2022	42	14	212	268
Charge for the year	7	2	100	109
At 31 December 2022	**49**	**16**	**312**	**377**
NET BOOK VALUE				
At 31 December 2022	**–**	**–**	**127**	**127**
At 1 January 2022	**7**	**2**	**208**	**217**

5. Fixed Asset Investments

	Subsidiary Undertakings £'000
At 1 January 2022	63,668
Additions during the year	–
Impairments	(8,802)
At 31 December 2022	**54,866**

Impairment

The carrying amount of investments has been reduced to its recoverable value through recognition of an impairment loss. There were impairments recognised during the year of £8,802,000 (2021: £nil). In addition, there were no impairment reversals in 2022 (2021: £nil). 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. Trade and Other Receivables

	2022 £'000	2021 £'000
Current:		
Trade receivables	3	20
Amounts owed from group undertakings	7,688	8,153
Contract assets	159	–
Prepayments	100	144
Other receivables	1,304	2,124
Total trade and other receivables	**9,254**	**10,441**

7. Trade and Other Payables

	2022 £'000	2021 £'000
Current:		
Trade payables	1,153	1,157
Amounts owed to group undertakings	12,392	24,173
Other taxes and social security	108	308
Accruals and deferred income	1,020	1,354
Total trade and other payables	**14,673**	**26,992**

8. Bank and Other Loans

	2022 £'000	2021 £'000
Current:		
Bank loans	912	–
	912	**–**
Non-current:		
Loans - 1-2 years	913	–
Loans - 2-5 years	3,170	–
Loans due after 5 years repayable by instalments	–	–
	4,083	**–**

During the year the Company received a loan facility from Investec bank, on which interest is payable at a variable rate of 4.5% above the Bank of England base rate and is repayable by April 2026.

The book value and fair value of loans and borrowings are as follows:

	2022 £'000	2021 £'000
Non-Current		
Bank borrowings and others		
- Secured	4,083	–
Current		
Bank borrowings and others		
- Secured	912	–
Total loans and borrowings	**4,995**	**–**
Sterling	4,995	–

9. Share Capital

See consolidated financial statements note 22 for share capital section.

10. Reserves

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.

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.

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

11. 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.

12. Share-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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