

Registered number:  
08609014

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**SORTED HOLDINGS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**



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**SORTED HOLDINGS LIMITED**

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**GROUP INFORMATION**

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<b>Directors</b>	D Grimes M Fletcher J D Summers P Ramsden - (Resigned 15 <sup>th</sup> February 2022) T R Levett - (Resigned 26 <sup>th</sup> November 2021) C C Carey I S Greig - (Appointed 26 <sup>th</sup> November 2021) C J Tenwick – (Appointed 26 <sup>th</sup> November 2021) S Johnson – (Appointed 26 <sup>th</sup> November 2021)
<b>Registered number</b>	08609014
<b>Registered office</b>	4th Floor Blackfriars House St Mary's Parsonage Manchester M3 2JA
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 11 <sup>th</sup> Floor Landmark, St Peter's Square 1 Oxford St Manchester M1 4PB

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**SORTED HOLDINGS LIMITED**

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## SORTED HOLDINGS LIMITED

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### STRATEGIC REPORT

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#### Introduction

The directors present their strategic report for Sorted Holdings Limited ("Sorted") for the 12 months ended September 2021. During the year, the group returned to a 12-month period after the prior year's period was extended to 16 months to align with sales cycles. (This means results are not directly comparable).

#### Business review

The principal activity of the group is the provision of a Software as a Service (SaaS) delivery platform that powers dynamic checkouts, delivery management and delivery tracking around the world. Through partnerships with some of the biggest global carriers and customer-obsessed retailers, Sorted transforms the delivery experience into a delight, for everyone that touches it. Sorted provides mission critical software using an API driven platform which allows for fast and seamless integrations with retailers offering enhanced features.

Sorted is focused on delivering a market leading SaaS solution in our sector through constant development of its platform, in terms of features, carrier services and resilience. Sorted have made considerable platform advances during this period through this continued investment. As a result, we have grown considerably through new customers and maintaining a high retention of existing customers who continually increase volume of business through our platform.

#### Results and developments

The group has continued to enjoy growth with 12 months revenue of £4,459K (*12 months unaudited revenue ending 30 September 2020: £3,228K. Overall group revenue for the 16 months ended 30 Sep 2020: £5,211K inclusive of discontinued operations*) as the number of client wins increased during the period and we continue to win market share. Net client retention continues to be strong at 91% as we continue to deliver market leading services and products.

The shift in consumer trends to online shopping continues to be accelerated by COVID-19 and changing buyer behaviour which has increased the throughput on the platform as well as revenue. We expect growth to continue in 2022.

Following the group's convertible loan draw down and the loans fair value adjustment, the group's net asset position on 30 September 2020 converted into a net liability position in the year ended 30 September 2021. Losses before tax have increased by £5,013,273 in the 12 months to 30 September 2021. This is due to increased outsourced development costs, deal fees incurred in relation to a funding raise and the fair value adjustment of the group's convertible loan at year end.

The additional increase to the long-term liability (less interest incurred) reduces the group's net asset position at 30<sup>th</sup> September 2021 by £2.7m which takes the group net liabilities at 30 September 2021 to £2.5m.

The group has continued to invest heavily in its products adding new features including multi-tenancy support and the addition of a more scalable service-based architecture as well as new carrier integrations to keep up with the demand of its clients and market.

As enhancement of the platform continues, this has led to an addition in capitalised development costs during the year of £7.1m (*16 months ended 30 Sep 2020: £4.6m*).

Post period end in November 2021 the group finalised its most recent round of funding securing £21.7m of investment in the form of 28,925 new equity shares. This was from new and existing investors. The group acquired Clicksit App Limited on 29<sup>th</sup> November 2021 utilising certain funds from the fund raise.

Clicksit App Limited specialise in product returns. The returns market is a \$5+ billion industry sector and opens up a new complementary TAM to Sorted. Returns, especially in the SMB (small and midsize business) market, is a validated opportunity to extend Sorted's commercial model to increase its ability to provide a full turnkey DEP (Delivery Experience Platform) solution.

Returns is a natural extension of Sorted's product set and allows Sorted to offer an "end-to-end service" and

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**STRATEGIC REPORT**


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deliver on our Product vision and strategy. The current Clicksit product set, customer base and GTM approach enables Sorted to quickly and cost effectively achieve their product and market extension ambitions vs. attempting to build a similar offering in-house or through third parties.

The fund raising in November 2021 triggered a qualifying event for the group's existing £11.6m convertible loan note from the government's Future Fund and additional investors which finalised in January 2021. The convertible loan was fair valued at 30 September 2021 at £15.1m.

The convertible loan and accrued interest has converted in entirety into equity on the 26<sup>th</sup> November 2022. This has created an additional 20,606 shares. This also resulted in an increase to the group's net assets of £15.5m, taking the group net assets on 30<sup>th</sup> November 2022 to £26m.

**Summary of Key performance indicators (KPI's)**

The primary KPI's for the group are revenue, net client retention and EBITDA which are reported monthly to the Board and are forecast to the end of the reporting period. The Board are happy with the progress made during the period in relation to each of these:

	<b>12 months to 30 September 2021</b>	Unaudited 12 months to 30 September 2020 (excluding discontinued operations)	16 months to 30 September 2020
Revenue	<b>£4,459K</b>	£3,228K	£5,211K
Net client retention	<b>91%</b>	(100%)	(100%)
EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation)	<b>(£5,014K)</b>	(£3,756K)	(£5,382K)

**Market**

The market for the group continues to be favourable, as customers continue to move to online shopping which is driving the industry to improve and develop its delivery services. This continues to be accelerated as a result of the impact of COVID-19 and changing buyer behaviour, increasing the demand for the mission critical software as retailers have had to focus on this channel. The group is in a strong position to support and exploit this opportunity, having already confirmed a number of new enterprise customer contracts which we expect to continue. This shift towards online shopping will offset any reduction in consumer spending.

**Principal risks and uncertainties**

The directors consider the key risks to the business to be as follows. In each case, we have a policies and procedures in place to identify, evaluate and manage the exposure to the business.

**Credit risk**

Credit risk refers to the possibility that a counterparty will default on its contractual obligations resulting in a loss to the group. The group has adopted a policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults.

**Online security risk**

As a SaaS platform the group has risk relating to online security. Sorted has rigorous processes and procedures in place to mitigate this risk which is continually reviewed and enhanced to meet the emerging threats and business needs.

**Competition risk**

The group is continually investing in its platform to become market leader. Key to this is executing on our vision to be the only Delivery Experience Platform (DEP) able to serve the entirety of the market from SMB through to large enterprise and across all three pillars of the retail post-purchase journey; Carrier Selection, Order Tracking and returns Management. The aforementioned acquisition of Clicksit, will expediate Sorted's ability to execute the SMB element of this vision.

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**SORTED HOLDINGS LIMITED**

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**STRATEGIC REPORT**

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**Liquidity risk**

The company aims to mitigate liquidity risk by managing cash generated by its operation. Surplus funds for the group are invested in short term deposit accounts, with the aim of maximising fixed interest rate returns, whilst providing flexibility to fund on-going operations. The directors regularly assess the group's financial position and review against its ability to make debt repayments and meet liabilities. Management actively monitors spend to forecast when future planned equity fund raises are required. Management also pursues new investment when needed to ensure the company can meet requirements to be able to continue to develop its platform and products.

28/3/2022

This report was approved by the board of directors on the ..... and signed on its behalf by:

*Carmen Carey*

**C Carey**  
Director

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**SORTED HOLDINGS LIMITED**

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**DIRECTORS REPORT**

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The directors present their report and the financial statements for the 12 months ended 30 September 2021.

**Principal activities**

The principal activity of the group is the provision of a Software as a Service (SaaS) delivery platform that powers dynamic checkouts, delivery management and delivery tracking around the world.

**Results and dividends**

The loss for the period, after taxation, amounted to £12,023K (*for the 16 months ended 30 September 2020 - loss £6,883K*).

The directors do not recommend the payment of a dividend.

During the period, the company issued and allotted Ordinary shares 1,112 shares of £0.01 each which has added £11.12 to share capital and £7,209 to share premium.

**Directors**

The directors who served during the period were:

D Grimes  
M Fletcher  
J D Summers  
P Ramsden - (Resigned 15<sup>th</sup> February 2022)  
T R Levett - (Resigned 26<sup>th</sup> November 2021)  
C C Carey  
I S Greig - (Appointed 26<sup>th</sup> November 2021)  
C J Tenwick – (Appointed 26<sup>th</sup> November 2021)  
S Johnson – (Appointed 26<sup>th</sup> November 2021)

**Future development**

The group is focused on becoming the platform of choice in the global e-commerce market when it comes to delivery management. In line with our strategy, we will continue to enhance and develop our service and invest in technologies that assist in scaling our business

**Research and development activities**

The group continues to develop its software platform which links e-commerce retailers to carriers. During the period, the group incurred development expenditure of which £7,142K (*for the 16 months ended 30 September 2020: £4,580K*) was capitalised within intangibles (see note 12).

**Post balance sheet events**

See disclosures made in the strategic report on the group's funding, acquisition, and convertible loan of which all occurred post year end.

**Going concern**

In adopting the going concern basis for preparing the financial statements the Directors have considered the business activities as well as the group's principal risks and uncertainties within the group's cash flow forecasts and projections to June 2023. These forecasts include further significant increases in recurring annual revenues and costs of development of the software platform. Even withstanding significant sensitivities to the forecasted cash flows and projections the Directors expect the group to operate within the level of its current cash

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**SORTED HOLDINGS LIMITED**

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**DIRECTORS REPORT**

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levels for the foreseeable future.

In November 2021, the group finalised its most recent round of funding securing £21.7m of investment. This was from new and existing shareholders of the group. This together with the growth in revenue the group continues to adopt the going concern basis in preparing the statutory report and financial statements.

The impact of COVID-19 and changing buyer behaviour continues to accelerate the shift to online shopping, increasing the demand for the mission critical software as retailers have had to focus on this channel. The group is in a strong position to support and continue to exploit this opportunity.

**Disabled employees**

The group always fully considers all employment applications by disabled persons, taking into account the aptitudes of the applicant concerned. In the event of an employee becoming disabled, every effort is made to ensure that their employment with us continues and that appropriate training is arranged. The group's policy is committed to ensuring training, career development and promotion of disabled persons should as far as possible, be identical with that of fellow employees.

**Employee involvement**

The group keeps employees informed of matters affecting them as employees and the financial and economic factors affecting performance of the group.

**Qualifying third party indemnity provisions**

The group has agreed to indemnify its directors against third party claims which may be brought against them and has put in place a directors' insurance policy.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the group's auditor is aware of that information.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland').

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 of the profit or loss of the group for that period.

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

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**SORTED HOLDINGS LIMITED**

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**DIRECTORS REPORT**

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- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

28/3/2022

This report was approved by the board on ..... and signed on its behalf.

*Carmen Carey*

**C Carey**  
**Director**



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## INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SORTED HOLDINGS LIMITED

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### Opinion

We have audited the financial statements of Sorted Holdings Limited (the 'company') for the year ended 30<sup>th</sup> September 2021 which comprise Consolidated statement of comprehensive income, Consolidated and Company statements of financial positions, Consolidated and Company statements of changes in equity, Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 30 September 2020 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.



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## INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SORTED HOLDINGS LIMITED

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### Other information

The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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.

### Matter on which we are required to report under the Companies Act 2006

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

### Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 for the financial statements

As explained more fully in the directors' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.



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## INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SORTED HOLDINGS LIMITED

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### 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 applicable to the Company, and the industry in which it operates. We determined the Companies Act 2006 and UK financial reporting legislation FRS 102 to be the most significant laws and regulations to the entity. We enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Evaluation of the processes and controls established to address the risk related to irregularities and fraud;
  - Testing manual journal entries, in particular journal entries relating to management estimates and entities determined to be large or relating to unusual transactions; and
  - Identifying and testing related party transactions.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement teams, knowledge of the industry in which the client operates in and understanding of, and practical experience through training and participation with audit engagements of a similar nature;
- In assessing the potential risks of material misstatement, we obtained understanding of:
  - The Company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement and
  - The Company's control environment including the adequacy of procedures for authorisation of the transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentation. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements the less likely we would be aware of it;



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## INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SORTED HOLDINGS LIMITED

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### Use of our report

This report is made solely to the 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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Grant Thornton UK LLP*

Stuart Muskett  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester  
Date: 29/3/2022

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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	Note	12 months ended 30 Sept 21			16 months ended 30 Sept 20		
		Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Revenue	4	4,459	-	4,459	4,324	887	5,211
Operating and administrative expenses		(14,960)	-	(14,960)	(13,157)	(759)	(13,916)
<b>Operating loss</b>	5	<b>(10,501)</b>		<b>(10,501)</b>	<b>(8,833)</b>	<b>128</b>	<b>(8,706)</b>
Interest receivable and similar income	9	2	-	2	6	-	6
Interest payable and similar expenses	10	(3,630)	-	(3,630)	(168)	(1)	(169)
<b>Loss before taxation</b>		<b>(14,129)</b>		<b>(14,129)</b>	<b>(8,995)</b>	<b>127</b>	<b>(8,868)</b>
Tax on loss	11	2,106	-	2,106	1,985	-	1,985
<b>Loss for the financial period</b>		<b>(12,023)</b>		<b>(12,023)</b>	<b>(7,010)</b>	<b>127</b>	<b>(6,883)</b>
<b>Total comprehensive loss for the period</b>		<b>(12,023)</b>		<b>(12,023)</b>	<b>(7,010)</b>	<b>127</b>	<b>(6,883)</b>

There were no other items of comprehensive income for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

The notes on pages 18 to 42 form part of these financial statements.

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2021**


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	Note	30 September 2021 £'000	30 September 2020 £'000
<b>Fixed assets</b>			
Intangible assets	12	10,468	6,952
Tangible assets	13	75	258
		<u>10,543</u>	<u>7,210</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	3,397	3,047
Cash at bank and in hand	16	3,438	3,328
		<u>6,835</u>	<u>6,374</u>
Creditors: amounts falling due within one year	17	(5,091)	(4,065)
<b>Net current assets</b>		<u>1,744</u>	<u>2,309</u>
<b>Total assets less current liabilities</b>		<u>12,287</u>	<u>9,519</u>
Creditors: amounts falling due after more than one year	18	(14,784)	-
<b>Net assets</b>		<u><u>(2,497)</u></u>	<u><u>9,519</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	1	1
Share premium account	22	34,073	34,066
Profit and loss account	22	(36,571)	(24,548)
		<u><u>(2,497)</u></u>	<u><u>9,519</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
..... 28/3/2022

*Carmen Carey*

**C Carey**  
Director

The notes on pages 18 to 42 form part of these financial statements.

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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**COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2021**


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	Note	30 September 2021 £'000	30 September 2020 £'000
<b>Fixed assets</b>			
Investments	14	-	-
		<hr/>	<hr/>
		-	-
<b>Current assets</b>			
Debtors	15	37,737	26,819
		<hr/>	<hr/>
		37,737	26,819
Creditors: amounts falling due within one year	17	(1,418)	(846)
		<hr/>	<hr/>
<b>Net current assets</b>		36,319	25,973
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		36,319	25,973
Creditors: amounts falling due after more than one year	18	(14,784)	-
		<hr/>	<hr/>
<b>Net assets</b>		<u>21,535</u>	<u>25,973</u>
<b>Capital and reserves</b>			
Called up share capital	21	1	1
Share premium account	22	34,073	34,066
Profit and loss account	22	(12,539)	(8,094)
		<hr/>	<hr/>
		<u>21,535</u>	<u>25,973</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the period was £4,444K (16 months ended 30 Sept 2020: £6,687K).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/3/2022

*Carmen Carey*

**C Carey**  
Director

The notes on pages 18 to 42 form part of these financial statements.

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
<b>At 1 October 2020</b>	<b>1</b>	<b>34,066</b>	<b>(24,548)</b>	<b>9,519</b>
Loss for the year	-	-	(12,023)	(12,023)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(12,023)</b>	<b>(12,023)</b>
Shares issued during the year	-	7	-	7
<b>Total transactions with owners</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>
<b>At 30 September 2021</b>	<b>1</b>	<b>34,073</b>	<b>(36,571)</b>	<b>(2,497)</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**


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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
<b>At 1 June 2019</b>	<b>1</b>	<b>20,560</b>	<b>(17,665)</b>	<b>2,896</b>
Loss for the period	-	-	(6,883)	(6,883)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(6,883)</b>	<b>(6,883)</b>
Shares issued during the period	-	13,506	-	13,506
<b>Total transactions with owners</b>	<b>-</b>	<b>13,506</b>	<b>-</b>	<b>13,506</b>
<b>At 30 September 2020</b>	<b>1</b>	<b>34,066</b>	<b>(24,548)</b>	<b>9,519</b>

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
<b>At 1 October 2020</b>	<b>1</b>	<b>34,066</b>	<b>(8,095)</b>	<b>25,972</b>
Loss for the year	-	-	(4,444)	(4,444)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(4,444)</b>	<b>(4,444)</b>
Shares issued during the year	-	7	-	7
<b>Total transactions with owners</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>
<b>At 30 September 2021</b>	<b>1</b>	<b>34,073</b>	<b>(12,539)</b>	<b>21,535</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**


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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
<b>At 1 June 2019</b>	<b>1</b>	<b>20,560</b>	<b>(1,407)</b>	<b>19,154</b>
Loss for the period	-	-	(6,687)	(6,687)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(6,687)</b>	<b>(6,687)</b>
Shares issued during the period	-	13,506	-	13,506
<b>Total transactions with owners</b>	<b>-</b>	<b>13,506</b>	<b>-</b>	<b>13,506</b>
<b>At 30 September 2020</b>	<b>1</b>	<b>34,066</b>	<b>(8,094)</b>	<b>25,973</b>

The notes on pages 18 to 42 form part of these financial statements.

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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	<b>12 months ended 30 September 2021 £'000</b>	<i>16 months ended 30 September 2020 £'000</i>
<b>Cash flows from operating activities</b>		
Loss for the financial period	(12,023)	(6,883)
<b>Adjustments for:</b>		
Amortisation of intangible assets	3,648	3,196
Depreciation of tangible assets	231	255
Interest payable and similar charges	3,630	169
Interest receivable and similar income	(2)	(6)
Loss/ (profit) on disposal of tangible assets	(1)	21
Increase in debtors	(32)	(584)
Increase in creditors	612	644
Taxation credit	(2,106)	(1,985)
Corporation taxes received	1,789	1,104
<b>Net cash used in operating activities</b>	<b>(4,254)</b>	<b>(4,068)</b>
<b>Cash flows from investing activities</b>		
Expenditure on intangible fixed assets	(7,164)	(4,600)
Purchase of tangible fixed assets	(49)	(81)
Sale of tangible fixed assets	-	1
<b>Net cash used In Investing activities</b>	<b>(7,213)</b>	<b>(4,680)</b>

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	<b>12 months ended 30 September 2021</b>	<i>16 months ended 30 September 2020</i>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary share capital	7	11,006
Repayment of bank loans	-	(656)
Consideration received in advance of shares	-	1,250
Convertible loan draw down	11,570	-
Interest paid	(2)	(50)
Interest received	2	6
<b>Net cash generated from financing activities</b>	<u>11,577</u>	<u>11,556</u>
Net increase in cash and cash equivalents	<u>110</u>	<u>2,807</u>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,328</b>	<b>521</b>
<b>Increase in cash during the period</b>	110	2,807
Cash and cash equivalents at the end of period	<u><u>3,438</u></u>	<u><u>3,328</u></u>

The company is a qualifying entity for the purposes of FRS102 and has elected to take the exemptions under paragraph 1.12(b) for FRS102 not to present the company statements of cash flows.

The notes on pages 18 to 42 form part of these financial statements.

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**1. General information**

Sorted Holdings Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 4th Floor, Blackfriars House, St Mary's Parsonage, Manchester, M3 2JA.

The principal activity of the group is the provision of a Software as a Service (SaaS) delivery platform that powers dynamic checkouts, delivery management and delivery tracking around the world.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group accounting policies (see note 3).

The financial statements are presented in Sterling (£'000s), which is the functional currency of the group.

In preparing the financial statements of the parent company, advantage has been taken of the following disclosure exemptions in FRS 102:

- The requirements of Section 7 Statement of Cash Flows
- The requirements of Section 33 Related party Disclosures paragraph 33.7
- The requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41 (c), 11.41 (e), 11.41 (f), 11.42, 11.44 to 11.45, 11.47, 11.48 (a)(iii), 11.48(a)(iv), 11.48(b) and 11.48 (c);
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the group and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase 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 statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102.

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**2.3 Going concern**

In adopting the going concern basis for preparing the financial statements the Directors have considered the business activities as well as the group's principal risks and uncertainties within the group's cash flow forecasts and projections. These forecasts include further significant increases in recurring annual revenues and costs of development of the software platform. Even withstanding significant sensitivities to the forecasted cash flows and projections the Directors expect the group to operate within the level of its current cash levels for the foreseeable future.

In November 2021, the group finalised its most recent round of funding securing £21.7m of investment. This was from new and existing shareholders of the group. This together with the growth in revenue the group continues to adopt the going concern basis in preparing the statutory report.

The impact of COVID-19 and changing buyer behaviour continues to accelerate the shift to online shopping increasing the demand for the mission critical software as retailers have had to focus on this channel. The group is in a strong position to support and continue to exploit this opportunity.

**2.4 Revenue**

Revenue represents the total invoice value, excluding value added tax, of services provided during the period and derives from the provision of services falling within the group's ordinary activities.

Implementation, set-up fees and maintenance fees are recognised in the period to which the service was provided.

Subscription and support fees are recognised over the period of the contract from the commencement date. Depending on the contract, revenue is calculated based on the volume of labels processed through the system or based on a fixed periodic price.

**2.5 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic life of 4 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**2. Accounting policies (continued)****2.6 Finance costs**

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.7 Borrowing costs**

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the period in which they are incurred.

**2.8 Intangible assets****Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life of 5 years.

**Other intangible assets**

Intangible assets are amortised over 3-10 years on a straight line basis.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives are as follows:

Software development costs	-	4 years
Domain name	-	10 years
Computer software	-	3 years
Website implementation	-	3 years

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**2. Accounting policies (continued)****2.9 Tangible fixed assets**

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

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

Depreciation is provided on the following basis:

Leasehold improvements	- 25% or shorter dependent upon the lease term
Computer equipment	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

**2.10 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**2. Accounting policies (continued)**

**2.11 Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing differences.

**2.12 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**2.13 Cash and cash equivalents**

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.14 Creditors**

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

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**2. Accounting policies (continued)**

**2.15 Pensions**

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

**2.16 Financial instruments**

The group has chosen to adopt the sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at the market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets' original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except those investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow groups companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**2. Accounting policies (continued)**

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn-down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Non-basic financial instruments include convertible loans.

Convertible loans are initially recognised at fair value on the initial drawdown and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

Financial liabilities are de-recognised when the liability is extinguished that is when the contractual obligation is discharged, cancelled or expired.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Critical accounting judgements and estimates**

*System development costs capitalised within intangible fixed assets*

The group capitalises intangible fixed assets to the extent that they create an enduring asset that delivers economic benefits at least as great as the amount capitalised. System development costs are amortised on a straight line basis over 4 years and regular reviews are carried out to consider if the asset is subject to impairment.

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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**2. Accounting policies (continued)**

In some instances, when determining the amount to be capitalised, the directors exercise judgement in determining the amount of time certain employees have spent on a capital project. The directors complete a detailed assessment, understanding each individuals' project / operational priorities and commitments, reviewed as part of regular and ongoing project meetings, before deciding whether a project is deemed to be capital in nature. Any time which is deemed not to have been spent on a capital project is written off to the profit and loss account as incurred.

The research and development (R&D) tax credit is based on employee time spent on R&D projects which includes some element of judgement. This is reviewed by the management of the group on an ongoing basis.

*Impairment review of intangible fixed assets*

The group considers whether intangible fixed assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the future cash flows from the cash generating units and selection of appropriate discount rates in order to calculate the net present value of those cash flows.

*Deferred tax*

A deferred tax asset was not recognised for UK tax losses as the directors do not expect that the tax losses will be utilised in the foreseeable future.

*Non-basic financial instruments*

Non-basic financial instruments are required to be measured at fair value at the reporting date. This value has been determined using a Monte Carlo simulation model to simulate the share price and using a discounted cash flow approach to value the conversion value, debt interest and repayment cash flows. This valuation is prepared using management assumptions, the key one requiring estimation being the probability of qualified funding taking place. For further disclosures see note 19.

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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**4. Turnover**

The turnover is attributable to the principal activity of the company and the majority arose in the United Kingdom.

	<b>12 months to 30 September 2021 £'000</b>	<b>16 months to 30 September 2020 £'000</b>
UK Revenue	4,434	4,324
ROW Revenue	<u>25</u>	<u>-</u>
	<b>4,459</b>	<b>4,324</b>

**5. Operating loss**

The operating loss is stated after charging:

	<b>12 months ended 30 September 2021 £'000</b>	<b>16 months ended 31 September 2020 £'000</b>
Amortisation of intangible assets	3,648	3,196
Depreciation of tangible fixed assets	231	255
Operating lease rental – Land and buildings	389	501
Operating lease rental – Other	43	52
(Profit)/loss on disposal	(1)	21

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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**6. Auditor's remuneration**

	<b>12 months ended 30 September 2021 £'000</b>	<b>16 months ended 31 September 2020 £'000</b>
Audit of the accounts	39	23
Taxation compliance services	6	3
All other taxation advisory services	-	1
All non-audit services not covered above	-	3
	<u>45</u>	<u>30</u>

**7. Employees**

The average number of employees including executive directors during the period was as follows:

	<b>12 months ended 30 September 2021 No.</b>	<b>16 months ended 30 September 2020 No.</b>
Operating and administrative staff	<u>105</u>	<u>93</u>

Staff costs including director's remuneration were as follows:

	<b>12 months ended 30 September 2021 £'000</b>	<b>16 months ended 30 September 2020 £'000</b>
Wages and salaries	6,973	7,066
Social security costs	276	825
Pensions costs	<u>306</u>	<u>306</u>
	<u>8,055</u>	<u>8,197</u>

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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**8. Directors' remuneration**

	<b>12 months ended 30 September 2021 £'000</b>	<b>16 months ended 30 September 2020 £'000</b>
Directors' emoluments	566	327
Pensions	18	13

The highest paid director received remuneration of £225K (16 months ended 31 September 2020: £223K) with pension contributions of £10K (16 months ended 31 September 2020: £10K).

**9. Interest receivable and similar income**

	<b>12 months ended 30 September 2021 £'000</b>	<b>16 months ended 30 September 2020 £'000</b>
Bank interest receivable	2	6

**10. Interest payable and similar expenses**

	<b>12 months ended 30 September 2021 £'000</b>	<b>16 months ended 30 September 2020 £'000</b>
NVM loan interest	79	101
Future fund loan interest	836	-
Praetura loan interest	-	47
GMCA loan interest	-	18
Bank interest	2	3
Convertible loan fair value movement	<u>2,714</u>	<u>-</u>
<b>Total</b>	<b><u>3,630</u></b>	<b><u>169</u></b>

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**


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**11. Taxation**

	<b>12 months ended 30 September 2021 £'000</b>	<i>16 months ended 30 September 2020 £'000</i>
<b>Current tax</b>	<b>(2,106)</b>	<i>(1,789)</i>
Adjustment in respect of prior period current tax	-	<i>(196)</i>
<b>Total current tax</b>	<u><b>(2,106)</b></u>	<u><i>(1,985)</i></u>
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on loss on ordinary activities</b>	<u><b>(2,106)</b></u>	<u><i>(1,985)</i></u>

**Factors affecting tax credit for the period**

The tax assessed for the period is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<b>12 months ended 30 September 2021 £'000</b>	<i>16 months ended 30 September 2020 £'000</i>
Loss on ordinary activities before tax	<u><b>(8,868)</b></u>	<u><i>(8,868)</i></u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	<b>(2,685)</b>	<i>(1,685)</i>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>296</b>	<i>75</i>
Capital allowances for period in excess of depreciation	<b>15</b>	<i>20</i>
Adjustment in research and development tax credit leading to a decrease in the tax charge	<b>(906)</b>	<i>(770)</i>

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
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Other differences leading to an increase in the tax charge	1	(195)
Deferred tax not recognised	1,173	790
Adjustments in respect of prior periods	-	(196)
Remeasurement of deferred tax for changes in tax rates	-	(24)
<b>Total tax credit for the period</b>	<u><u>(2,106)</u></u>	<u><u>(1,985)</u></u>

At 30 September 2021, the group had utilisable tax trading losses carried forward of £20.3m (2020: £13.5m). A deferred tax asset of £3.1m has not been recognised (2020: £1.7m). A deferred tax asset was not recognised for UK tax losses as at 30 September 2021 as the directors expect that the losses will not be utilised during the next 12 month period.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax will increase to 25%. This increase in the main corporation tax rate from 19% to 25% was substantially enacted in May 2021. This increase in rate has been reflected in the measurement of the deferred tax given it is expected to reverse wholly or partly after April 2023. As noted above, this deferred tax asset is not recognised.

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**12. Intangible assets**

	Software development costs £'000	Domain name £'000	Computer software costs £'000	Website implementation cost £'000	Total £'000
<b>Cost</b>					
At 1 October 2020	13,004	160	10	34	13,208
Additions	7,142	-	-	22	7,164
At 30 September 2021	<u>20,146</u>	<u>160</u>	<u>10</u>	<u>56</u>	<u>20,373</u>
<b>Amortisation</b>					
At 1 October 2020	(6,184)	(50)	(6)	(17)	(6,257)
Charge for the year	(3,612)	(16)	(4)	(16)	(3,648)
Disposals	-	-	-	-	-
At 30 September 2021	<u>(9,796)</u>	<u>(66)</u>	<u>(10)</u>	<u>(33)</u>	<u>(9,905)</u>
<b>Net book value</b>					
At 30 September 2021	<u>10,350</u>	<u>94</u>	<u>0</u>	<u>23</u>	<u>10,468</u>
At 30 September 2020	<u>6,821</u>	<u>110</u>	<u>4</u>	<u>17</u>	<u>6,952</u>

The company had no intangible assets at 30 September 2021 (30 September 2020: £nil)

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**13. Tangible assets**

	<b>Fixtures, fittings and leasehold property £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 October 2020	567	247	815
Additions	-	49	49
Disposals	-	(1)	(1)
At 30 September 2021	<u>567</u>	<u>296</u>	<u>863</u>
<b>Depreciation</b>			
At 1 October 2020	(394)	(163)	(557)
Charge for the period	(173)	(58)	(231)
Depreciation on disposal	-	-	-
At 30 September 2021	<u>(567)</u>	<u>(221)</u>	<u>(788)</u>
<b>Net book value</b>			
At 30 September 2021	<u>-</u>	<u>75</u>	<u>75</u>
At 30 September 2020	<u>173</u>	<u>85</u>	<u>258</u>

The company had no tangible assets at 30 September 2021 (30 September 2020: £nil)

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**SORTED HOLDINGS LIMITED**


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**14. Fixed asset investments****Company and Group**

	<b>12 months ended 30 September 2021</b>
<b>Cost/NBV</b>	<b>£</b>
At 1 October 20 / 1 June 2019	<b>3</b>
Disposal of subsidiary	<b>-</b>
<b>At 30 September 2021 / 30 September 2020</b>	<b><u>3</u></b>

**Subsidiary undertakings**

The following are subsidiary undertakings of the group:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>	<b>Address</b>
Sorted Group Limited	Ordinary	100%	The creation and service of websites for provision of delivery services.	4th Floor, Blackfriars House, St Mary's Parsonage, Manchester, M3 2JA.
Sorted Limited	EBT Ordinary	100%	Trustee for employee shares	4th Floor, Blackfriars House, St Mary's Parsonage, Manchester, M3 2JA.

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**15. Debtors**

	<b>Group 30 September 2021 £'000</b>	<i>Group 30 September 2020 £'000</i>	<b>Company 30 September 2021 £'000</b>	<i>Company 30 September 2020 £'000</i>
Trade debtors	628	605	-	-
Other debtors	234	382	130	185
Prepayments and accrued income	428	271	-	-
Corporation tax debtor	2,106	1,789	-	-
Amounts owed by group companies	-	-	37,607	26,634
	<u>3,397</u>	<u>3,047</u>	<u>37,737</u>	<u>26,819</u>

Amounts owed by group companies are repayable on demand, unsecured and are non-interest bearing.

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**SORTED HOLDINGS LIMITED**


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**16. Cash and cash equivalents**

	<b>Group 12 months ended 30 September 2021 £'000</b>	<b>Group 16 months ended 30 September 2020 £'000</b>	<b>Company 12 months ended 30 September 2021 £'000</b>	<b>Company 16 months ended 30 September 2020 £'000</b>
Cash at bank and in hand	<u>3,438</u>	<u>3,328</u>	<u>-</u>	<u>-</u>

**17. Creditors: Amounts falling due within one year**

	<b>Group 30 September 2021 £'000</b>	<b>Group 30 September 2020 £'000</b>	<b>Company 30 September 2021 £'000</b>	<b>Company 30 September 2020 £'000</b>
Other loans	-	500	-	500
Trade creditors	1,314	1,087	32	10
Other taxation and social security	291	664	-	-
Other creditors	883	293	856	285
Accruals	2,232	1,282	530	51
Deferred income	371	239	-	-
	<u>5,091</u>	<u>4,065</u>	<u>1,418</u>	<u>846</u>

**Other loan**

A loan note of £500,000 is owed to NVM Private Equity LLP. The conditions of the loan were amended on the 30<sup>th</sup> April 2021 and it is now interest bearing at a rate of 8% and repayable in March 2023. The loan note is unsecured.

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**18. Creditors: Amounts falling due after more than one year**

**Group and Company**

	<b>12 months ended 30 September 2021 £'000</b>	<i>16 months ended 30 September 2020 £'000</i>
NVM Loan	<b>500</b>	
Future Fund Loan (note 19)	<b>14,284</b>	-
<b>Loan</b>	<b><u>14,784</u></b>	<u>-</u>

A loan note of £500,000 is owed to NVM Private Equity LLP. The conditions of the loan were amended on the 30<sup>th</sup> April 2021 and it is now interest bearing at a rate of 8% and repayable in March 2023. The loan note is unsecured.

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**19. Loans****Group and Company**

	<b>30 September 2021 £'000</b>	<i>30 September 2020 £'000</i>
<b>Amounts falling due within one year</b>		
Other loans	-	500
<b>Amounts falling due 1-2 years</b>		
Future Fund convertible loan	<b>14,784</b>	-
	<b><u>14,784</u></b>	<u>500</u>

**Future Fund Convertible Loan**

	<b>12 months ended 30 September 2021 £'000</b>
<b>Future Fund Convertible Loan</b>	
Future fund – initial draw down	(11,570)
Interest accrued	(836)
Fair value movement on future fund	(2,714)
<b>Total FVTPL increase</b>	<b>(3,549)</b>
Future fund – closing balance	<b>(15,120)</b>

The Future Fund issues convertible loan agreements to innovative UK companies with strong growth potential, that typically rely on equity investment during the coronavirus outbreak. Under the scheme the Government provides unsecured bridge funding alongside private third-party matched investors. Sorted Holdings Limited entered into this scheme in the year to 30 September 2021.

The company participated in the UK government's Future Fund convertible loan scheme in the financial year, receiving funding of £11.6m from the Future Fund and co-investors combined.

The Future Fund and co-investors' convertible loan attracts simple interest rate of 8% which is not payable but accrues over the loan period of 36 months. The loans are non-amortising, and convertible at the option of the investors at its three-year maturity, on a qualifying funding round, or if there is an exit event such as an IPO.

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Conversion of the loans will occur at a 20% discount to the price per share determined from the relevant funding round or exit price. If not converted, the loans are repayable at par with interest and a redemption premium equal to 100% of the loan amount.

The Future Fund is classified as a financial liability in its entirety and is a non-basic financial instrument that is in the scope of Section 12 and accounted for at fair value through profit or loss. As such, the convertible loan note is recognised at its fair value of £11,570k at inception and a fair value of £15,119k at year end. The fair value movement of £3,459k (of which £441k is attributable to changes in the credit risk of the instrument) is recognised through P&L in the year.

The fair value of the Convertible Loan at 30 September 2021 was valued using discounted cash flow approach for the risk-adjusted future cash flow. In order to determine the future company share price a Geometric Brownian Motion approach was adopted to simulate the share price used for the future cash flow simulation, forming a part of the risk-adjusted cashflow.

Following the fair value adjustment at 30 September 2021 the Future fund convertible loan and accrued interest has converted in entirety into equity on the 26th November 2022. This has created an additional 20,606 shares.

**20. Capital and other commitments**

Group	Land and Buildings		Other	
	12 months ended 30 September 2021 £'000	16 months ended 30 September 2020 £'000	12 months ended 30 September 2021 £'000	16 months ended 30 September 2020 £'000
<b>Minimum lease payments due</b>				
Within 1 year	567	437	11	24
Between 2 and 5 years	1,689	1,707	-	11
After more than 5 years	<u>1,293</u>	<u>1,712</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>3,549</u></b>	<b><u>3,856</u></b>	<b><u>11</u></b>	<b><u>35</u></b>
<b>Company</b>				
	12 months ended 30 September 2021 £'000	16 months ended 30 September 2020 £'000	12 months ended 30 September 2021 £'000	16 months ended 30 September 2020 £'000
<b>Minimum lease payments due</b>				
Within 1 year	-	-	8	21
Between 2 and 5 years	-	-	-	7
After more than 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>8</u></b>	<b><u>28</u></b>

On the 4th October 2021 Sorted Holdings Limited surrendered its lease on its Union Albert Square site. The amounts seen in the Capital and other commitments note above for Land & Buildings are correct as at 30th September 2021 however post year end the capital commitments relating to the Albert Square Union site totalling £3,389K will not be payable by the group as that lease has been surrendered.

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**21. Share capital**

<b>Group and company</b>	<b>12 months ended 30 September 2021</b>	<b>16 months ended 30 September 2020</b>
<b>Allotted, called up and fully paid</b>		
12,000- A Ordinary shares of £0.01 each	<b>120</b>	120
8,000- B Ordinary shares of £0.01 each	<b>80</b>	80
6,850- C Ordinary shares of £0.01 each	<b>69</b>	69
7,551- D1 Ordinary shares of £0.01 each	<b>76</b>	76
1,303- D2 Ordinary shares of £0.01 each	<b>13</b>	13
3,383- E Ordinary shares of £0.01 each	<b>33</b>	23
43,262 (2020: 43,262) - F Ordinary shares of £0.01 each	<b>432</b>	432
16,667- G Ordinary shares of £0.01 each	<b>167</b>	167
925 (2020: 850)- Z Ordinary shares of £0.01 each	<b>9</b>	8
	<b><u>999</u></b>	<b><u>988</u></b>

In February 2021 the group issued and allotted 1,037 E shares at £0.01 each. The total consideration received was £7,124 creating an addition to share premium of £7,114.

Also, in February 2021 the group issued and allotted 75 Z shares at £0.01 each. The total consideration received was £75.9 creating an addition to share premium of £75.15

Each A Ordinary share has full rights with respect to dividends. The A Ordinary share holds one vote each save where there is a material default period when enhanced voting rights shall apply to 90% of the total voting rights attaching to all shares which shall be exercisable by the combined investor majority according to the number of shares held by each of them. The A Ordinary shares are not redeemable.

Each B Ordinary share has full rights with respect to dividends. The B Ordinary share holds one vote each save where there is a material default period when enhanced voting rights shall apply to 90% of the total voting rights attaching to all shares which shall be exercisable by the combined investor majority according to the number of shares held by each of them. The B Ordinary shares are not redeemable.

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Each C Ordinary share has full rights with respect to dividends. The C Ordinary share holds one vote each save where there is a material default period when enhanced voting rights shall apply to 90% of the total voting rights attaching to all shares which shall be exercisable by the combined investor majority according to the number of shares held by each of them. The C Ordinary shares are not redeemable.

Each D1 and D2 Ordinary shares has full rights with respect to dividends. The D1 and D2 Ordinary share holds one vote each save where there is a material default period when enhanced voting rights shall apply to 90% of the total voting rights attaching to all shares which shall be exercisable by the combined investor majority according to the number of shares held by each of them. The D1 and D2 Ordinary shares are not redeemable.

Each E Ordinary share has full rights with respect to dividends. The E Ordinary shares do not carry any voting rights. The E Ordinary shares are not redeemable.

Each F Ordinary share has full rights with respect to dividends. The F Ordinary share holds one vote each save where there is a material default period when enhanced voting rights shall apply to 90% of the total voting rights attaching to all shares which shall be exercisable by the combined investor majority according to the number of shares held by each of them. The F Ordinary shares are not redeemable.

Each G Ordinary share has full rights with respect to dividends. The G Ordinary share holds one vote each save where there is a material default period when enhanced voting rights shall apply to 90% of the total voting rights attaching to all shares which shall be exercisable by the combined investor majority according to the number of shares held by each of them. The G Ordinary shares are not redeemable.

Each Z Ordinary share does not carry any rights to dividends and do not carry any voting rights. The Z Ordinary shares are not redeemable.

Return of capital rights are fully detailed in the articles of association.

**22. Reserves**

**Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Profit and loss account**

Includes all current and prior period retained profits and losses.

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**23. Related party transactions**

During the period, the group paid board fees to shareholders of £36,000 to Praetura Capital LLP (16 months ended 30 September 2020: £123,000) and £60,000 to Arete Capital Partners Limited (16 months ended 30 September 2020: £5,000) who have common directorships. In addition, the group paid board fees to other shareholders of £24,999 to Seneca Ltd (16 months ended 30 September 2020: £33,333), and £24,000 to Mercia Asset Management PLC (16 months ended 30 September 2020: £18,000).

At the period end the related party amounts due were to Praetura Capital LLP at £3,600 (30 September 2020: £17,948). Arete Capital Partners Limited amounts due were £nil. (30 September 2020: £nil) Mercia Asset Management PLC amounts due were £nil. (30 September 2020: £nil). Seneca Ltd amounts due were £nil. (30 September 2020: £nil)

The total cost to the group of key management personnel for the period ended 30 September 2021 was £797,694 (16 months ended 30 September 2020: £1,069,453).

The group has taken the exemption not to disclose transactions entered with wholly owned group companies

**24. Analysis of net debt**

	1 <sup>st</sup> October 2020 £'000	Cash flows £'000	Non-cash changes £'000	30 <sup>th</sup> Sept 2021 £'000
Cash at bank and in hand	3,328	110	-	3,438
Convertible loan	-	(11,570)	(2,714)	(14,284)
Other Loan	(500)	-	-	(500)
<b>Net (debt) / cash</b>	<u><b>2,828</b></u>	<u><b>(11,460)</b></u>	<u><b>(2,714)</b></u>	<u><b>(11,346)</b></u>

Non-cash items relate to the fair value increase of the convertible future fund loan at the end of the reporting period.

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**25. Post balance sheet events**

Post period end in November 2021 the group finalised its most recent round of funding securing £21.7m of investment in the form of 28,925 new shares. This was from new and existing investors.

Following this, the group acquired Clicksit App Limited who specialise in product returns. The returns market is a \$5+ billion industry sector and opens up a new complementary TAM to Sorted. Returns, especially in the SMB (small and midsize business) market, is a validated opportunity to extend Sorted's commercial model to increase its ability to provide a full turnkey DEP (Delivery Experience Platform) solution.

Returns is a natural extension of Sorted's product set and allows Sorted to offer an "end-to-end service" and deliver on our Product vision and strategy. The current Clicksit product set, customer base and GTM approach enables Sorted to quickly and cost effectively achieve their product and market extension ambitions vs. attempting to build a similar offering in-house or through third parties.

The fund raising in November 2021 triggered a qualifying event for the Sorted Groups existing £11.6m convertible loan note from the government's Future Fund and additional investors which finalised in January 2021. The convertible loan was fair valued at 30 September 2021 at £15.1m. The additional increase to the long-term liability (less interest incurred) reduces the group's net asset position at 30th September 2021 by £2.7m which takes the group net assets at the 30 September 2021 to -£2.5m.

The convertible loan and accrued interest has converted in entirety into equity on the 26th November 2022. This has created an additional 20,606 shares. This also resulted in an increase to the group's net assets of £15.5m, taking the group net assets on 30th November 2022 to £26m.

The group also surrendered a lease relating to its previous office on the 4<sup>th</sup> October 2021. See note 20.

The impact of COVID-19 and changing buyer behaviour continues to accelerate the shift to online shopping increasing the demand for the mission critical software as retailers have had to focus on this channel. The group is in a strong position to support and continue to exploit this opportunity.