

Whistl Consolidated Limited
(formerly NNY 91 Limited)

Annual Report 2021



whistl

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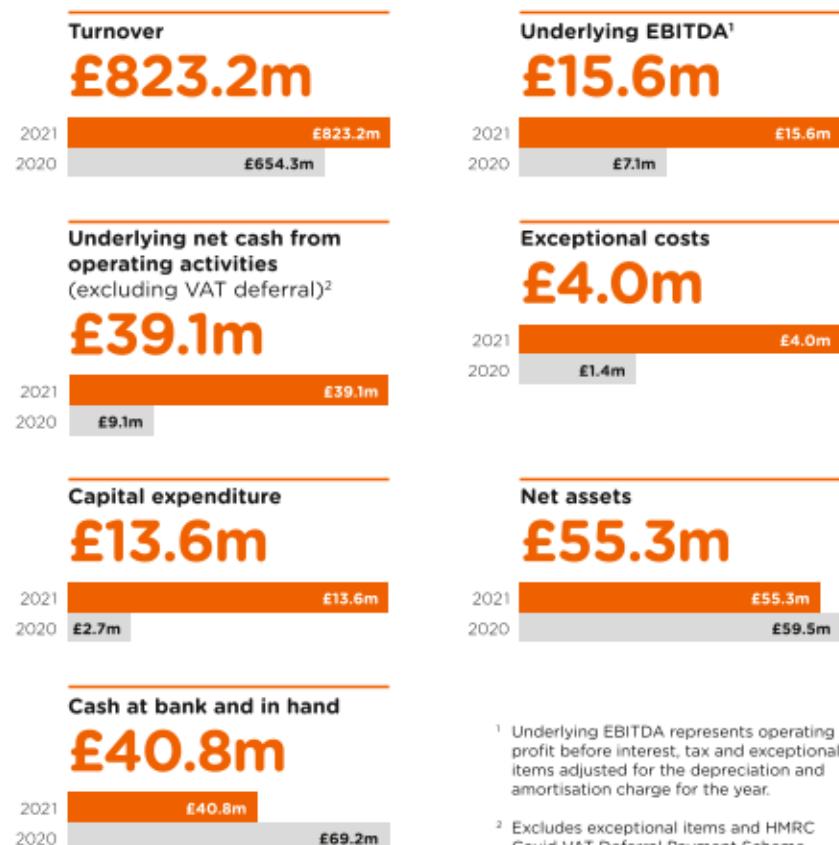
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Whistl Consolidated Limited
(formerly NNY 91 Limited)

Consolidated financial statements
for the year ended 31 December 2021.
Registered number: 11995959
(England and Wales)

Financial Highlights 2021



• Group revenue bounced back strongly from the Covid-19 impacted 2020, growing 26% to £823.2m.

• Strong cash flows from underlying operating activities² of £39.1m (2020: £9.1m) have enabled the group to fund our investment programme and pay down debt, while maintaining liquidity.

• Continued Fulfilment revenue growth of £23.7m (+41.9%) to £80.36m following rapid organic growth and sustained acceleration of online activity following Covid-19 restrictions.

• Substantial revenue growth in Parcels and International of £29.9m (+17.7%) to £199.1m across our portfolio of tracked and untracked services driven by e-commerce.

• The group achieved record underlying EBITDA¹ of £15.6m, double that of previous year.

• Expansion of e-commerce fulfilment capacity, which exceeded 1.5m sqft in 2021, with the opening of three new Fulfilment centres in Lutterworth, Northampton and Plymouth.

• Acquisition of Relish Agency Limited in November 2021 adding further capacity and expertise to Whistl E-commerce Marketing.

• The Whistl Group has been transformed into a Business with diversified and resilient income streams, including the high growth e-commerce enablement sectors of Parcels, International and Fulfilment together with leading positions in Mail and E-commerce Marketing.

New in 2021



✓ LAUNCH OF WHISTL DRIVER ACADEMY AND APPRENTICESHIP FUND



✓ ACQUISITION OF RELISH AGENCY LIMITED, UK MARKET LEADER IN PRODUCT SAMPLING



✓ APPROVAL BY UK BORDER FORCE & HMRC AS A CUSTOMS CLEARANCE AGENT



✓ LAUNCH OF PLAN TO MEET GOVERNMENT 2050 NET ZERO TARGET



✓ 570,000 SQ FT OF NEW E-COMMERCE FULFILMENT CAPACITY SECURED

Numbers for 2021

2,500+

EMPLOYEES



3,000+

ACTIVE CUSTOMERS



71%
OF REVENUE IS FROM CUSTOMERS USING MORE THAN ONE SERVICE



83%
CUSTOMER SATISFACTION SCORE



25%
REDUCTION IN CO₂ EMISSIONS IN DSA MAIL ACTIVITY



81%
RECYCLING RATE IN FULFILMENT, AGAINST 65% TARGET

Strategic Report

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I AM PLEASED TO SAY THAT OUR DIVERSIFICATION STRATEGY FROM MAIL HAS BEEN VINDICATED AS WE NOW DERIVE 75% OF PROFIT FROM OUR GROWTH AREAS.

Nick Wells
Executive Chairman

Welcome to our annual report covering 2021 and my first as Executive Chairman. I am pleased to say that our diversification strategy from Mail has been vindicated as we now derive 75% of profit from our growth areas.

Over the past five years we have grown and developed the Whistl Group into a cohesive portfolio of businesses in the e-commerce and logistics sectors. Our growth comes from offering tailored solutions to large corporates and SMEs both benefiting from our economies of scale and scope.

Our unique diversification strategy of building long term relationships with customers and cross-selling services has led to gross revenue from those Whistl customers using more than one service from our complementary business divisions rising to 71%.

We now have market leading positions in:

- Mid-market multi-user warehouse fulfilment
- Business parcel brokerage
- Doordrop and e-commerce in-box sampling
- Downstream Access Mail

Despite the 2021 economic headwinds of Covid-19, inflation and Brexit we have achieved over £800m turnover and delivered a record £15.6m underlying EDITDA, double the previous year.

Our successful track record of M&A to support our growth strategy continued with the integration of Clientbase into Whistl Fulfilment; focusing Parcelhub on regionalised e-commerce players; and the acquisition of Relish for our E-commerce marketing business.

We have significantly invested across the Group with £13.6m of new capital expenditure, opening three new Fulfilment centres in Lutterworth, Northampton and Plymouth and replacing a DSA depot in Bristol. This required an amazing effort from our facilities and IT teams to get 570k sqft of new sites operational within the year.

Following my move to Executive Chairman, so I can manage and drive the strategy and growth of the Group, Alistair Cochrane has taken over as Chief Executive Officer. We have restructured Whistl Fulfilment under a new Managing Director to deliver the efficiencies from our operations and maximise revenue from our expanded fulfilment capacity.



WE HAVE SIGNIFICANTLY INVESTED ACROSS THE GROUP WITH £13.6M OF NEW CAPITAL EXPENDITURE, OPENING THREE NEW FULFILMENT CENTRES IN LUTTERWORTH, NORTHAMPTON AND PLYMOUTH.

Across the whole Group we have won some significant new business, particularly in the public sector for DSA and in fulfilment we have experienced spectacular growth mainly from existing customers.

Whistl has always been a people business, our employee engagement at 68% continues to be above the industry average. Our people are motivated, customer focused and problem solvers and that is why our customers continue to work with us. Even when things can get tough, we do our very best to meet our SLAs.

This year we launched an employee-led EDI charter and set up a regular forum for 20 volunteer EDI champions across the business to meet, share ideas and put in place strategies to deliver our commitment within the charter.

Like many in our sector, we have experienced the challenges of driver shortages and recruitment to our expanding fulfilment facilities. Although we met these challenges using agency support, we launched a number of programmes to improve the ratio of directly employed labour. These included the Whistl Driver Academy, expanding the range of apprenticeships available across the whole company and using Kickstart.

We have undertaken a review of the business to enable us to create a route map of how we meet the Net Zero target and options are being worked through, as to how we will do this. In 2021, we invested in new energy efficient buildings and significantly across our fleet and are now looking to introduce our first electric vehicles in 2022.

2021 has been a good year for the Group and our success comes from our people. Whatever their role, they are all focused on doing a great job for our customers and I thank them.

Our continued investment in them, as well as the operations, will ensure we remain on a profitable trajectory to maintain our position as the largest private logistics company in the UK.

Nick Wells
Executive Chairman
12 May 2022



Whistl Fulfilment is the UK's market leader in mid-market multi-user warehouse fulfilment.*



Our key strength lies in our ability to provide easily implemented flexible solutions as well cost effective multi-carrier services, multi-site warehousing facilities and the added value of Contact Centre services to fast growing e-commerce businesses. Over the year we increased revenues by 41.9% to £80.3m.

2021 saw us transform our estate with a £10m investment in the opening of three new warehouses in one month in Lutterworth and Northampton and additional space in Plymouth to accommodate our continued growth. We now have over 1.5m sqft of fulfilment warehouse capability.

To manage our growth and the integration of existing operations, we appointed a Managing Director of Fulfilment. In addition, we have strengthened and streamlined the management team across the division.

Over the year we have focused on standardising our infrastructure, inherited from our acquired fulfilment businesses. We have invested significantly in IT to enable us to have the security, performance and capacity to meet future changes in demand.

For our Rushden site we have ordered four bagging machines that will come on stream in 2022 which will enable us to further automate our processes and help us deliver efficiencies.

Through the acquisition of Clientbase in late 2020, and now rebranded as Whistl Fulfilment, we are able to offer growing SMEs flexible warehouse solutions that ship lower volumes and added £16.0m of revenue in its first full year into the Whistl Fulfilment business.



“MOVING OUR WAREHOUSE OPERATION WAS SEAMLESS, THE WHISTL TEAM WERE ABLE TO ASSIST US WITH THE MOVE, SYSTEMS WERE SET UP AND INTEGRATIONS COMPLETE ON TIME FOR SUCCESSFUL LAUNCH, WITH NO BREAK IN OPERATIONAL ACTIVITY. THE TEAM MANAGE OUR ACCOUNT EXCEPTIONALLY AND ARE A TRUE EXTENSION OF OUR BUSINESS. WE COULD NOT ASK FOR A BETTER BUSINESS PARTNER.”

SAM DOOLEY
OPERATIONS DIRECTOR
THANE

For larger online brands and retailers with revenues between £10m - £300m, we can provide full end to end operational solutions. They also benefit from competitive carrier rates that we can secure due to our market leading parcel brokerage proposition.

Working with fast growing mid-sized customers has facilitated Whistl's growth, they include Sports Pursuit, Brand Alley, National Trust, FitFlop, Micro Scooters, Yoga Matters, Sarah Raven, Scotts of Stow, WeightWatchers, City Chic to name a few.

We are also a leading provider of contact centre service solutions through our acquisitions in recent years. We now have contact centre capability in the South West, South East and North East.

In early 2022 we are opening a dedicated 132 seat facility in Farnborough following the closure of our Farnborough warehouse site. We replaced legacy telephony systems with a single platform across the contact centre sites to allow greater flexibility and help enable us to manage capacity.

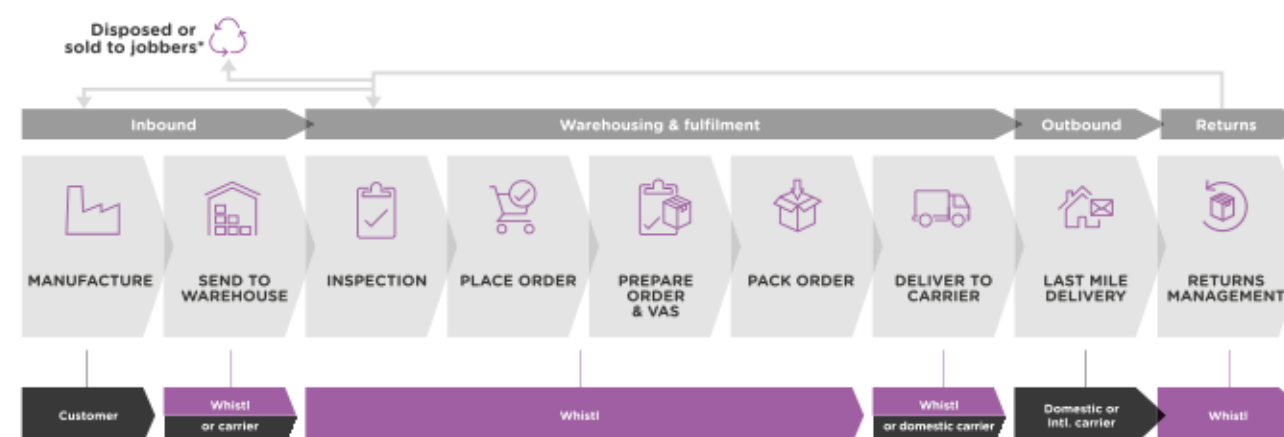
The Contact Centre team has enjoyed a year of significant wins after we invested in our new business development team. The wins include ATG the theatre group who used our team as part of their post recovery opening marketing strategy. Other wins included St John Ambulance, EML Payments, Joe Browns and Online4baby.



WE NOW HAVE CONTACT CENTRE CAPABILITY IN THE SOUTH WEST, SOUTH EAST AND NORTH EAST.



B2C FULFILMENT PROCESS



* Whistl commissioned report

EXISTING AND NEW CUSTOMERS ACROSS THE YEAR INCLUDED:





Whistl is the largest parcel broker in the UK providing multi-carrier solutions.



In 2021 there was a sustained growth in online shopping continuing to reflect the impact of Covid-19 on shopping habits. As a result we have capitalised upon these growth opportunities by differentiating our parcel offering.

Of the 4.6bn parcels* sent in the UK, business parcels made up 87% and this can be further divided into domestic (85%) and international import and export (15%). Of all business parcels, 84% were generated from e-commerce fulfilment.

This scale of opportunity offers Whistl significant potential for our domestic, international and fulfilment operations as we offer efficient collection, sortation and competitive rates and can also support businesses with smaller volumes or ad hoc parcel requirements.

Through our brands Whistl Parcels and Parcelhub we have maximised our ability to convert this parcel growth opportunity.

Whistl Parcels focuses on large organisations and core strategic customers using our national network.

Our UK wide footprint and recent investment in our depot network and technology, enables us to provide the capacity, scalability and efficiencies our larger customers are looking for throughout the year as well as at peak. Our Parcelhub brand focuses on medium sized organisations and large SMEs with a more regionalised approach and personalised service with onsite local collections and consolidated volumes. Parcelhub customers benefit from attractive carrier rates which have been secured for both Parcelhub and Whistl Parcels customers.

Through both brands we have been able to convert new customers including Richer Sounds and Precious London.

In July we opened a Leicester based 10,000 sqft unit to meet the demand of SME and mid-market retailers, wholesalers and brands throughout Leicestershire, Rutland and the north of Northamptonshire.

The Leicester regional unit joins our sites in Manchester, Birmingham, Leeds and Basildon.

“WHISTL HAVE BEEN BRILLIANT SINCE WE STARTED WORKING TOGETHER IN SPRING 2021. THEY HAVE FULFILLED OUR NEEDS AND THE TEAM WE HAVE BEEN WORKING WITH HAVE BEEN AMAZING WITH US.”

LUKE STONES AND
REECE WHEDDON
FOUNDERS
SECRET SHIRT



TOTAL PARCEL VOLUMES INCREASED BY 1.1BN BETWEEN 2019 AND 2020 AND ARE EXPECTED TO GROW 4.2% PER ANNUM TO 2024.*

Our investment in a new CMS now ensures a common platform across both Whistl and Parcelhub leading to greater cost efficiencies and the ability for customers to transition seamlessly between the two businesses as they grow.

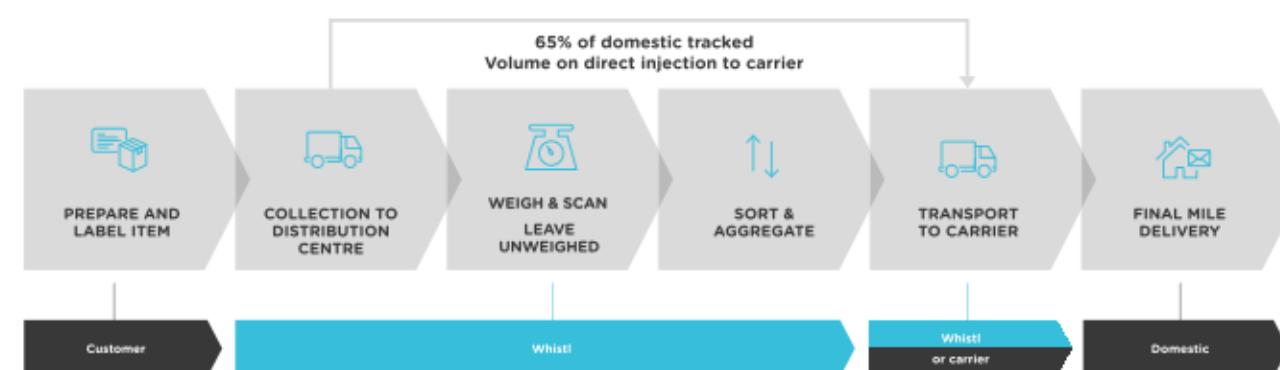
Between 2016 and 2019 the parcel market volume grew by 11.7% primarily due to the rise of e-commerce in the UK and worldwide. The impact of Covid-19 led to significant growth in demand for parcels as lockdowns forced consumers to purchase goods online with total parcel volumes increased by 1.1bn between 2019 and 2020 and are expected to grow 4.2% per annum to 2024.*

However, due to the price headroom between tracked and untracked diminishing with each Royal Mail price increase, (two increases in 2020 with total increase in excess of 12% a further 9.8% increase in April 2021, 9.5% in Oct 2021 and 20.0% in April 2022), parcels volumes are being directed towards tracked services. Customers see the convergence in price between untracked and tracked and therefore swap to the service which provides the greatest value and tracking visibility.

Our untracked volumes have remained static; however, we have improved our cost efficiency in this area. Our tracked volumes have grown and the significantly high demand for parcels which was seen in 2020 continued into 2021 with our revenues increasing by 17.8% to £167.4m.



DOMESTIC PARCELS PROCESS



* Whistl commissioned report

EXISTING AND
NEW CUSTOMERS
ACROSS THE
YEAR INCLUDED:

richersounds
Experience Better

**Thompson
& Morgan**
Experts in the garden since 1853

PRECIOUS
LONDON

musicMagpie

SKINNYCOFFEECLUB
SPRING AND SUMMER

snoy

OMG
howcheap
Trading at a discount

graze



The focus of Whistl International is to make the import and export of mail and parcels as smooth and efficient as possible for customers.



For any business operating internationally in 2021, it was particularly challenging having to deal with greater supply chain complexity due to the twin impacts of Brexit and Covid-19.

In addition, continuing uncertainty about the Northern Ireland Protocol, through to the new EU customs arrangements, impacted trading within the EU. Further afield due to Covid-19, we saw customers experience sharp price rises for shipping containers and delays to the delivery of products because of the resulting global port congestion.

However, we have seen that this increasingly complex environment is also a growth opportunity for Whistl International as an increasing proportion of retailers and brands choose to outsource their logistics. For these customers we offer a complete import shipping service with customs clearance entry, gateway handling and freight forwarding support as well as cross-border export shipping services.

In 2021 we attracted new prospects and increased revenues from current customers taking our revenues to £31.7m, an increase of 17.0% over the year.

We have invested significantly in our international capability throughout the year. We promoted internally for a Managing Director of International and expanded the support team to manage the expanding customer base. A major achievement of the team in simplifying the impact of UK import and export rule changes was to become approved by the UK's Border Force and HM Revenue & Customs (HMRC) and become a Customs Clearance Agent.

We are now able to offer air, sea, road import clearance for mail and parcels entering the UK and through a dedicated Customs Clearance Manager and support team at our International Gateway near Heathrow.

“WE HAVE FOUND WHISTL TO BE SUPPORTIVE OF A GROWING BUSINESS AND CAREFUL IN LISTENING TO OUR NEEDS.”

CHRIS HARVEY
HEAD OF DISTRIBUTION
AND LOGISTICS

BLACKWELL'S BOOKS

“WE HAVE A FANTASTIC WORKING RELATIONSHIP WITH WHISTL, THEY ARE A GOOD ORGANISATION AND HAVE ALWAYS BEEN SUPPORTIVE, COMMUNICATIVE AND COMPETITIVE FOR US.”

**ANISH AGGARWAL
AND TRUPTI KHARIWAL**
DIRECTORS

SEJ DISTRIBUTION LTD

Through one point of contact we are now able to offer customers a direct full end to end solution from import to final mile delivery. It includes full customs clearance for international freight into the UK; unloading of sea and road containers; reconciliation and handover to final mile carrier; re-labelling and re-working of customer freight; and simple payment and invoicing options.

As part of the International Gateway, we are also able to offer an External Temporary Storage Facility (ETSF) for goods that may be placed into storage prior to being placed under a customs procedure or re-exported. This facility is available to freight forwarders, customs agents, warehouse keepers and transport companies.

To mitigate the impact of post Brexit customs rules we have partnered with Deloitte and Taxamo to offer 'assisted' Import One Stop Shop (IOSS) solutions, to help businesses continue to ship goods into Europe.

We have also partnered commercially with PVS Europe, one of the leading fulfilment companies in Europe with a number of sites in Germany as well as capability in Italy, Austria, France, Switzerland and Benelux. This enables Whistl to offer our UK customers growth opportunities in mainland Europe through a single point of contact rather than having to establish multiple relationships with different fulfilment suppliers.



INTERNATIONAL IMPORT PROCESS



INTERNATIONAL EXPORT PROCESS





We are the largest Downstream Access Mail (DSA) provider in the UK with 56% share of DSA volumes* and have been market leader with more than 50% since 2014.



Our latest market share growth is due to our unique ability to serve the whole market through both our Whistl brand – focused on large transactional and advertising mail customers – and our Posthub brand for medium and smaller volume mail customers with high quality personalised account management for mainly marketing campaign lead activity.

During 2021 we won and managed significant UK Government contracts for the Census and Covid-19 communications and saw a rebound in advertising mail as the economy reopened. Other significant client wins were The Home Office and Manchester City Council.

Posthub grew through winning WWF, Crew Clothing, Harrods, NSPCC, and Barnardo's amongst other new customers.

Whistl continues to be committed to and investing in our DSA operation. In August we opened our new 78,000sqft depot at Bristol providing much improved facilities to handle future growth and an enhanced working environment for our colleagues.

This move has completed our renewal and investment programme in our DSA depots enabling us to provide greater efficiencies in our operations, ultimately benefiting our customers. In recent years we have moved into new depots in Glasgow, Bolton and Bedford as well as expanding our Belfast site. Our focus on efficiency will continue in 2022 as we look to renew our fleet and rollout a new Transport Management System (TMS) which will enable us to better utilise the fleet across the whole of the Group's operations. The TMS will enable both customer services and operations to access real time data on our fleet and provide more timely and accurate information to customer queries.

As part of our programme to improve the customer experience, we have rolled out the Royal Mail Mailmark barcode technology to our customers posting e-commerce and parcel items. Mailmark offers web-based reporting from an online analytics dashboard – showing detailed batch level reporting on predicted delivery, volume and performance and item level error reporting.

“AS A CHARITY, WE NEED EVERY PENNY TO DELIVER OUR FREE TRANSPORT SERVICE TO LANARKSHIRE CANCER PATIENTS. WHISTL GIVE US THE RELIABILITY AND PRICING WE NEED.”

FRANK ROY

LANARKSHIRE CANCER CARE TRUST

From an overall market perspective, according to Ofcom** DSA bulk mail continued to make up the majority of letters sent in 2020-21, at 5.01 billion items. The proportion of letters carried downstream by Royal Mail on behalf of access providers in the year to March 2021 rose year-on-year to 64.4% of total addressed letter volumes. Overall access mail volumes declined by 21.2% year-on-year due in no small part to the impact of Covid-19.

We continue to buck the market trend in the decline of volume and have increased our gross revenues in Mail by 26.6% to £501.3m in 2021.

Whistl operates in a regulated environment with Ofcom as the Postal Sector regulator. Ofcom are currently consulting on their proposals for a new regulatory regime to be in place until 2027. Happily, the proposals see the regulation largely unchanged leaving Whistl free to continue its DSA operation under Ofcom's protection. Ofcom are proposing improvements to their monitoring and reporting of Royal Mail's ongoing efficiency plans which, of course, is vital to sustaining a financially efficient delivery network for our use going forward.

There has been no final resolution to our 2014 complaint. Both the Competition Appeal Tribunal and High Court upheld the Ofcom ruling that Royal Mail had abused its dominant position in connection with Whistl's end-to-end business and confirmed the £50m fine levied on Royal Mail by Ofcom. The Royal Mail appeals process continues, and we await the hopefully imminent decision of the Supreme Court as to whether they will grant an appeal.

Whistl ensures that it has frequent dialogue and engagement with Ofcom, Royal Mail, and the Mail Competition Forum and has quarterly engagement with Department for Business, Energy & Industrial Strategy (BEIS) and the Wholesale Access Group to ensure that its own views on regulatory and market developments are heard and help shape the market. We have also provided input to the Government on the Northern Ireland Protocol relating to DSA services.



DSA BULK MAIL CONTINUED TO MAKE UP THE MAJORITY OF LETTERS SENT IN 2020-21, AT 5.01 BILLION ITEMS.

BUSINESS & ADVERTISING MAIL PROCESS



* Whistl commissioned report

** Annual Monitoring Update for Postal Services Financial Year 2020-21

EXISTING AND NEW CUSTOMERS ACROSS THE YEAR INCLUDED:



NSPCC

NatWest

Specsavers

Cotton TRADERS

Direct Wines

Harrods

Believe in children Barnardo's

sky

RadioTimes

+ 30.3% revenue increase

2021	£42.5m
2020	£32.6m

During 2021 we re-positioned Whistl Doordrop Media as Whistl E-commerce Marketing.



We did this to emphasise our focus on this sector and to take advantage of the increasing use of door drops as an efficient and compliant way to encourage digital interaction with a retailer or brand as well as driving instore footfall.

The business experienced a V shaped recovery in the year as businesses increased their marketing activity following a period of limited spend due to the impact of the prolonged lockdown restrictions experienced in the previous year. Our revenues increased by 30.3% to £42.5m in 2021. We saw that 40% of our customer base in this division solely use our services to drive online spend.

We also made a significant investment to build our in-home sampling proposition through the acquisition of Relish Agency Limited (Relish), one of the leading product sampling agencies specialising mainly in the beauty and FMCG sectors.

Through Relish we are now able to target consumers by matching them with synergistic partners e.g., placing a sample for a perfume brand within an online fashion order.

“WHISTL HAS PROVIDED A HIGH LEVEL OF SUPPORT; FROM CREATIVE & MEDIA BEST PRACTICE, RIGHT THROUGH TO MANAGING ALL OUR PRINT AND DELIVERIES INTO ROYAL MAIL. THEY CONSTANTLY SHARE IDEAS AND CASE STUDIES GIVING US REAL FAITH IN THE CHANNEL. THEIR TARGETING MODEL HAS PROVED TO BE PREDICTIVE AND WE HAVE BEEN IMPRESSED WITH THE RESULTS SO FAR.”

NAKED WINES

With magazine and newspaper inserts in decline, doordrops are experiencing a new lease of life. Through this channel we are able to engage directly with consumers, using leaflets or product samples from brands such as ASOS, BakedIn, Craft Gin Club, Deliveroo, Estée Lauder, Edgewell, Ferrero, HelloFresh, Missguided and PrettyLittleThing.

Our Doordrop services are compliant with data protection laws and resilient to the current and potential stricter regulation for online advertising consent. We believe we can offer better quality leads to customers than digital channels through a higher lifetime value. For example, we have audience data from JICMAIL demonstrating that the medium offers far greater attention time in the home at 6.9 days.

The evolution of Whistl E-commerce Marketing reflects our strategy to build a cohesive portfolio of businesses that enables us to add value and better target relevant consumers than our competitors.

We can now offer online-focused retailers and brands support with their multi-channel marketing strategy. We do this through use of doordrops and leaflets and leveraging our e-commerce fulfilment relationships to drive increased penetration of in-box sampling.

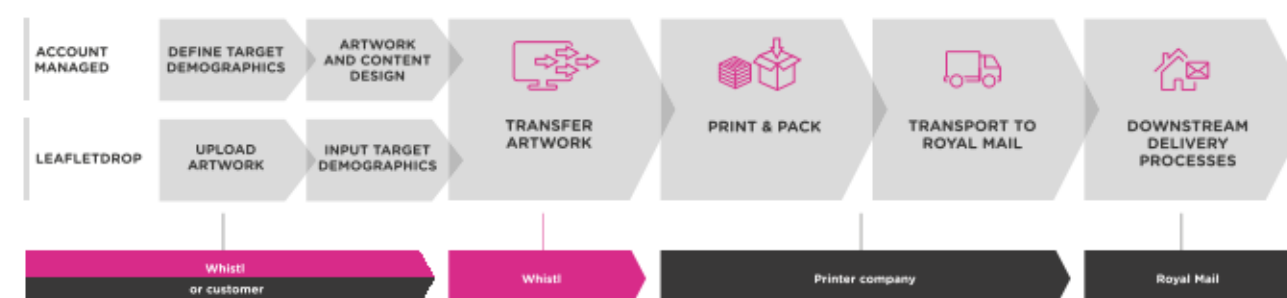
This business area also lends itself well to our cross-sell strategy to existing and new customers with Doordrop Media being sold alongside Mail. Relish allows us to add value to the sales strategies of our Whistl Fulfilment and Parcels divisions.

As self-serve marketing tools are becoming increasingly prevalent in marketing departments and SME businesses we have seen Leafletdrop, our online leaflet processing tool, surpass 100 million items by year end. This growth has been driven by SMEs and large national brands wanting to target locally.

SAMPLING PROCESS



DOORDROP MEDIA PROCESS



EXISTING AND NEW CUSTOMERS ACROSS THE YEAR INCLUDED:

WAITROSE & PARTNERS

NISSA

ESTÉE LAUDER

HELLO FRESH

ASOS

ODDBOX

CRAFT GIN Club

PRETTYLITTLETHING

Argos

FERRERO

BAKED IN



IN 2021 WE GENERATED £39.1M OF UNDERLYING CASHFLOW FROM OPERATING ACTIVITIES² WHICH FUNDED £13.6M OF CAPITAL EXPENDITURE SERVICING OUR GROWING CUSTOMER BASE, £8.2M OF ACQUISITIONS TO INCREASE CAPABILITY IN E-COMMERCE SERVICE LINES TOGETHER WITH £17.8M REPAYMENT OF DEBT.

Manoj Parmar
Chief Financial Officer

Record underlying EBITDA before exceptional items of £15.6m and strong cash flows from operating activities have enabled the group to accelerate our investment programme and pay down debt while maintaining liquidity and balance sheet strength. In 2021 we invested £13.6m in fixed assets with a focus on E-commerce fulfilment to meet the capacity demands of our growing customer base. All Whistl's diversified e-commerce focused businesses have performed strongly and have capitalised on the reopening of the UK economy after the pandemic shock in 2020.

Group Performance

Group revenue bounced back strongly from the Covid-19 impacted 2020, growing 26% to £823.2m and was also 20% higher than 2019 before the Covid-19 pandemic. High growth rates were experienced across the Whistl business lines with particularly large increases in Downstream Access Mail and E-Commerce Marketing, which were most impacted in 2020 by Covid-19, but also in Fulfilment, Parcels and International which each recorded growth rates of 42% and 17%-18% respectively from 2020 to 2021 after adjusting for the impact of acquisitions.

The Group continues to benefit from our diversification into e-commerce fulfilment and parcels which has created commercial opportunities beyond the underlying market growth through cross selling of multiple services to e-commerce customers as well as operational synergies in the supply chain and operations.

Gross Profit of £49.5m was 44% up for the full year in comparison to 2020 driven both by higher revenue and robust margins which were supported by the strong customer demand despite inflationary pressures in the supply chain, most notably due to the economy wide HGV driver shortage, which Whistl has addressed through improved pay and apprentice training. Notwithstanding the network cost pressures, the gross profit margin grew to 6% in 2021 (2020:5.3%).

Administration expenses excluding exceptional costs increased by £7.1m to £47.8m in 2021 (2020: £40.7m). After adjusting for the impact of the Clientbase Fulfilment Ltd and Relish Agency Ltd acquisitions and the amortisation of goodwill, the increase was £4.4m and was driven mainly by increased labour costs. The group was pleased to be able to pay record staff bonuses due to the strong performance of the group after the difficult year in 2020 and welcome back staff who were furloughed for part of 2020. The group continues to exercise tough control on costs and other administrative expenses reduced by 0.7% compared to 2020.

Underlying EBITDA¹ before exceptional items increased by £8.5m to £15.6m (2020: £7.1m).

Exceptional administrative expenses

Exceptional costs of £4.0m were incurred in 2021 in relation to start up losses at our new Lutterworth and Northampton Fulfilment sites as well as depot restructuring costs, aborted M&A costs, and exceptional legal expenses. Exceptional costs of £1.4m were incurred in 2020 in relation to restructuring in response to Covid-19 and an onerous lease for unutilised office accommodation.

Taxation

The effective rate of corporation tax was 30.3% (2020: 1.2%) which was higher than the standard UK corporation tax rate of 19.0% (2020: 19.0%). This reflects the impact of long-term capital investment programmes, such as goodwill amortisation together with permanent and temporary timing differences, including the impact of capital allowances.

Consolidated profit and loss	2021 £m	2020 £m	Change £m	% Var
Revenue	823.2	654.3	168.9	25.8%
Costs of Sales	(773.7)	(619.8)	(153.9)	24.8%
Gross Profit	49.5	34.5	15.0	43.5%
Administrative Expenses	(47.8)	(40.7)	(7.1)	17.4%
Operating profit/(loss) before exceptional items	1.8	(6.2)	8.0	-129.0%
Underlying EBITDA ¹	15.6	7.1	8.5	119.7%
Gross Profit Margin	6.0%	5.3%	0.7%	13.2%

Reconciliation of Underlying EBITDA ¹	2021 £m	2020 £m	Change £m	% Var
Operating profit before exceptional items	1.8	(6.2)	8.0	-129.0%
Goodwill amortisation	10.3	9.7	0.6	6.2%
Amortisation of intangible assets	0.6	1.0	(0.4)	-40.0%
Depreciation of tangible assets	2.9	2.6	0.3	11.5%
Group	15.6	7.1	8.5	119.7%

Capex	2021 £m	2020 £m	Change £m	% Var
Growth	11.3	2.5	8.8	352.0%
Other	2.3	0.2	2.1	930.4%
Group	13.6	2.7	10.9	403.7%

The Group generates revenue, profit, and employment, all of which deliver substantial tax revenues for the UK government in the form of VAT, Corporation Tax and Income Tax. Our tax policy, which has been approved by the Board, aligns with this strategy, and ensures that we fulfil our obligations as a responsible UK taxpayer.

Dividend

In the year the board declared and paid priority dividends totalling £1.5m to holders of "A" ordinary shares. No other dividends were declared or paid in 2021 and no dividends were paid or declared in 2020. Priority dividends are treated as a compound instrument in the financial statements with a liability recognised on the balance sheet and interest charged through the profit and loss account.

Investment

Investment in fixed assets continues to focus on expanding warehouse capacity in the rapidly growing Whistl Fulfilment division which has experienced 42% revenue growth between 2020 and 2021 driven by the

accelerated transition to e-commerce. Overall capital investment was £13.6m which included £11.3m growth Capex and included the addition of 570k sqft of new high quality Fulfilment warehouse space as well as warehouse automation investments.

In November 2021 we completed the acquisition of Relish Agency Ltd, a brand partnership and product sampling agency which has been incorporated into Whistl's E-commerce Marketing business.

Net cash outflow from business combinations was £5.7m in 2021 and goodwill of £4.5m was recognised in the year.

Investments in fixed assets and business combinations were funded by cash flow from operating activities.

² Excludes exceptional items and HMRC Covid VAT Deferral Payment.

¹ Underlying EBITDA represents operating profit before interest, tax and exceptional items adjusted for the depreciation and amortisation charge for the year.

Financial Review continued

Financial Position & Liquidity

Net cash reduced by £28.4m to £40.8m due to the repayment of the £17.8m term loan, unwinding of the Government Covid-19 VAT Payment Deferral Scheme and investments in fixed assets and business combinations which acted to offset strong cash generation from underlying trading.

Cash inflow from operating activities before exceptional items and the Covid-19 VAT Payment Deferral Scheme was £39.1m driven by strong underlying EBITDA¹ and working capital management. We maintain a strong balance sheet, liquidity and credit rating which gives us financial flexibility to invest and grow.

We have access to a fully committed £75m facility provided by HSBC which is divided into a credit and working capital and a supplier guarantee facility. The credit and working capital element remained unutilised during the year.

Net assets and shareholders' equity of Whistl decreased by £4.2m in the year to £55.3m as a result of the loss from continuing activities which includes amortisation of goodwill of £10.3m. There were no other significant movements in equity other than the profit for the year.

Goodwill reduced by £5.7m to £80.5m (2020: £86.2m) following the acquisition of Relish Agency Ltd and after deducting the amortisation charge for the year of £10.3m.

The net book value of tangible fixed assets and software increased to £23.9m (2020: £14.2m) as additions, focussed in the Fulfilment division outstripped depreciation and amortisation of £3.5m.

Debtors reduced by £3.3m (3.7%) to £85.0m (2020: £88.3m) due to strong credit control despite a 25.8% increase in full year revenue.

Creditors due in less than one year reduced by £7.9m to £169.2m (2020: £177.1m) which includes the impact of higher trading volumes in 2021 vs 2020 and the unwinding of Whistl's participation in the HMRC Covid VAT Payment Deferral Scheme.

Creditors due in more than one year reduced by £16.6m to £5.0m (2020: £21.6m) due to the repayment of the £17.8 term loan and classification of deferred consideration creditors to less than one year. Provision for liabilities of £1.2m (2020: £0.3m) relate to onerous leases for office accommodation.

Financial Position	2021 £m	2020 £m	Change £m	% Var
Goodwill	80.5	86.2	(5.7)	-6.6%
Fixed assets	23.9	14.2	9.7	68.3%
Stocks	0.5	0.6	(0.1)	-16.7%
Debtors	85.0	88.3	(3.3)	-3.7%
Cash at bank and in hand	40.8	69.2	(28.4)	-41.0%
Creditors: amounts falling due within one year	(169.2)	(177.1)	7.9	-4.5%
Creditors: amounts falling due after one year	(5.0)	(21.6)	16.6	-76.8%
Provisions for liabilities	(1.2)	(0.3)	(0.9)	300.0%
Net assets	55.3	59.5	(4.2)	-7.1%

Cash flow

Underlying cash from operating activities before exceptional items and Covid-19 VAT deferral payment was £39.1m (2020: £9.1m) and resulted from profitable trading and working capital management. Underlying cash from operating activities has been normalised for amounts paid (2020: received) under the HMRC Covid VAT Deferral Payment Scheme which contributed to an increase in Taxation and Social Security liabilities of £3.3m in 2021 (2020: £26.0m) which was reported in Creditors falling due within one year. All remaining deferred VAT was paid to HMRC after the year end in accordance with the scheme rules.

The net decrease in cash of £28.4m was after deducting £13.6m in relation to purchase of fixed assets, £5.7m in relation to the acquisition of Relish Agency Ltd and £17.8m in relation to the settlement of the term loan.

Credit and working capital management

The Board of Management closely monitors credit and liquidity risks and is continually looking for improvements to working capital management. Days of trading in accounts receivable and accrued income, a key measure of debtor performance in Downstream Access and Parcels, reduced from 29.1 days to 27.9 days from 2020 to 2021.

Key performance indicators

The Directors are reliant on specific key performance indicators such as, statistics related to market share, sales growth, and profitability to provide important guidance as to likely activity and performance within the business. The key performance indicators are described within this Strategic report.

	2021 £m	2020 £m	Change £m	% Var
Underlying EBITDA¹	15.6	7.1	8.5	119.7%
Change in net working capital ³	23.5	2.0	21.5	1075.0%
Underlying Cash Flow from Operating activities before exceptional items & Covid VAT Deferral Payment	39.1	9.1	30.0	329.7%
Covid VAT Deferral Payment	(22.7)	26.0	(48.7)	-187.3%
Cash Flow from Operating activities before exceptional items	16.4	35.1	(18.7)	-53.3%
Exceptional Costs	(4.0)	(1.4)	(2.6)	185.7%
Net Cash Flow from Operating activities	12.4	33.7	(21.3)	-63.2%
Tax (paid)/received	(0.1)	0.1	(0.2)	100.0%
Net Investment in fixed assets	(13.6)	(2.7)	(10.9)	403.7%
Acquisitions (net of cash acquired)	(5.7)	(3.4)	(2.3)	67.6%
Payment of deferred consideration	(2.5)	-	(2.5)	100.0%
Operating Free Cash Flow	(9.5)	27.7	(37.2)	-134.4%
Net interest paid	(1.0)	(1.1)	0.10	-9.1%
Loan repayments	(17.8)	-	(17.8)	100.0%
Repayment of obligations under finance leases	(0.1)	-	(0.1)	100.0%
Movement in cash (Decrease)/Increase	(28.4)	26.6	(55.0)	-206.9%
Opening Cash	69.2	42.6	26.6	62.4%
Closing Cash	40.8	69.2	(28.4)	-41.0%

¹ Underlying EBITDA represents operating profit before interest, tax and exceptional items adjusted for the depreciation and amortisation charge for the year

¹ Underlying EBITDA represents operating profit before interest, tax and exceptional items adjusted for the depreciation and amortisation charge for the year

³ Excludes HMRC Covid VAT Deferral Payment Scheme.

Our People

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At the start of the 2021, like all other employers, we faced staffing restrictions because of the continuing Covid-19 pandemic.

However, due to the investment we made in 2020, we were able to adapt to the changing guidance of working from home, where feasible, swiftly and with minimal impact on customers. As a result of the change in working patterns we have adopted a 'Hybrid' working policy for those roles that are identified as being suitable.



STAFF RETENTION

30%

OF OUR COLLEAGUES HAVE BEEN WITH US MORE THAN FIVE YEARS.

AVERAGE LENGTH OF SERVICE PER STAFF MEMBER

4.1 YEARS

Retention, recruitment and training

The big challenges for employers in our sector have been retention and recruitment of staff, particularly drivers and warehouse operatives. At Whistl, we were not immune to these challenges, especially due to our successful growth.

We believe Whistl is a great company to work for, and our average length of service per staff member is 4.1 years - and almost 30% of our colleagues have been with us more than five years. To back this up, we have seen colleagues who left us for more 'attractive offers' return to us because of our values, flexibility and the working environment.

We are not complacent and continue to strive to attract the best talent available to work in all areas of the company. A differential of Whistl over other employers in our sector is our continued investment in skill development.

We believe that people want to work for a company that will give them opportunities to upskill and to develop their potential no matter what their current role is. We call our employee development programme 'Be the best at what you want to be'. In 2021 we took a number of steps to attract and retain employees under this initiative.

The first step was to appoint a Head of Recruitment who has reviewed the recruitment process across the business to ensure we have a consistent and efficient system in place to improve the external attraction of the company as well as speeding up the recruitment process.

APPRENTICESHIPS

48

EMPLOYEES ON APPRENTICESHIP SCHEMES WITH SIX PEOPLE COMPLETING THEIR APPRENTICESHIPS IN 2021.

Under 'We value your career', we run the following programmes:

LEAP

Our LEAP programme is our internal career development and leadership initiative which has been running for a number of years. A formal development and review plan is in place for each individual.

Kickstart

Kickstart is a scheme for young people aged between 16 and 24 who are on Universal Credit and are matched to roles by their job centre work coaches. Whistl had 30 people on the scheme in 2021.



Apprenticeships

We have widened the scope and range of apprenticeships across the business and have people studying qualifications from Level 2 Warehousing to Level 6 Open University degrees and Level 7 Sales degrees. We have 48 employees on apprenticeship schemes with six people completing their apprenticeships in 2021.

TRS /Whistl Bootcamp

A government funding initiative from Dec 2021 - April 2022. TRS are offering to train 60 HGV Drivers and at Whistl we pledge to offer them a job interview after they pass their test. This is open to people who want to retrain and also to people who have been unemployed for two months or more.

Job creation for the long term unemployed

In Bolton we work with local authorities and communities, supporting campaigns to reach people who are long-term unemployed and want to secure local employment.

We have also been working with Bedford College to offer placements to students with neurodiverse conditions (who need a job coach with them initially). After a three-month probation, we look to offer a permanent role. In addition, we have been working with Instep UK in Bedford to offer SWAPs (Sector based Work Academy Placements) to the long term unemployed.

My Say

We value what our employees think, and how they feel, and we monitor this through our annual online employee engagement survey, MySay, run by an independent company. In 2021 we had an 82% response rate and our engagement rate continues to be strong at 76%, exceeding the industry benchmark.

In response to the feedback in 2021, we:

- Introduced live streamed Town Hall Briefings from the Executive Board. Each briefing is followed up by a summary issued to all Managers to share with their teams/direct reports
- Revamped our intranet Marvin to improve navigation along with more people focused content and a feel and look more in line with the website
- Introduced Mental Health First Aiders training with 16 employees across the business



Wellbeing and rewards

Employee Forum

Throughout 2021 we listened to our employees through their representatives and comments received in our engagement survey. We focused on how we can adapt the workspace to support hybrid working, how we can improve our corporate social responsibility and provided feedback to our Reward, Wellbeing and ED&I teams and champions.

Investors in People (IIP)

In 2021 we again achieved the Investors in People 'We invest in people', standard accreditation. We have been accredited by the IIP for a number of years and the recent audit now incorporates our acquisitions in Whistl Fulfilment and Parcelhub.

The accreditation means that, across Whistl, the principles and practices around supporting people are in place and understood by everyone. And there is wide understanding of how to use them to make work better.

Equality, diversity and inclusion

This year we launched an employee-led EDI charter and set up a regular forum for 20 volunteer EDI champions across the business to meet, share ideas and put in place strategies to deliver our commitment within the charter.

The team has developed our Be You initiative where we encourage everyone across the business to be themselves at work and to make the most of their talents. It allows us to develop a strong team ethic.

EMPLOYEE-LED EDI CHARTER

A REGULAR FORUM FOR 20 VOLUNTEER EDI CHAMPIONS ACROSS THE BUSINESS TO MEET, SHARE IDEAS AND PUT IN PLACE STRATEGIES TO DELIVER OUR COMMITMENT WITHIN THE CHARTER.

This was reflected in our employee survey with 85% of responders saying they can be their self at work. In addition, 76% said people at Whistl respect individual differences (e.g. cultures, working styles, backgrounds, ideas) and 74% said we actively encourage equality, diversity and inclusion throughout the company. It is a goal to raise these scores through the Be You campaign.



We also support the external initiatives Valuable 500, Race at Work Charter and Disability Confident and we are working towards the pledges and principles relating to these initiatives. In addition, EDI training continues to be mandatory for all people managers.

Mental health and wellbeing

We are committed to the care and wellbeing of our employees, and this is underpinned by our 'My Wellbeing' initiative which covers a wide range of resources available to all employees. In 2021, 16 Mental Health First Aiders we trained across the business, and in conjunction with external organisations through them we can help reduce the stigma of Mental Health by encouraging open and safe conversations.

Flexible Working

We recognise the need for all employees to be able to request flexible working if required, and we comply with all legislation in regard to the Children and Families Act 2014. Where a role is agreed to be practical and possible to perform remotely, the individual will have the opportunity to work both at home and in the office as agreed.

Reward principles

One of our key reward principles is to ensure pay is fair, equitable and competitive regardless of gender and bonuses are linked to company performance.

Trade Union Representation & National Living Wage

To ensure our workforce is fairly treated and represented, we have engaged with the trade union, Community, since January 2012. We continue to pay all employees above the National Living Wage.

Additional Benefits

We use You at Work/Plus You to provide employees with preferential shopping and membership discounts across a wide range of goods and services across the UK.

We thank our employees for staying with us by presenting an 'Anniversary Card' from Nick Wells, Executive Chairman, along with a monetary 'thank you' to each individual at the 5, 10, 20 and 30 year service milestones.

Gender Pay Gap Reporting

The snapshot reference period for our data is April 2020, which was the first full month of the Coronavirus Covid-19 pandemic. We accept that the outcome of the analysis for this gender pay gap year is not an accurate reflection of pay across our employee population due to complexities with furlough and reduced hours during the pandemic which does not allow us to provide a true year-on-year comparison.

Based on the Government's hourly rate methodology, Whistl women's mean pay rate was 0.54% higher vs men and the median rate was lower than men by 3.80%.

Pay Quartiles

The gender pay metric is influenced by the proportion of men and women in each pay quartile. The table below shows the percentage of men and women in each quarter of our pay profile.

	Men	Women
Top quartile	68.3%	31.7%
Upper middle quartile	75.3%	24.7%
Lower middle quartile	74.0%	26.0%
Lower quartile	65.8%	34.2%

Bonus Gap

Bonus awards for this reference period are linked to business performance. The mean disparity favours men (42.2%) however the median disparity favours women (4.0%). The proportion of men and women receiving bonus were 25.8% of men and 42.0% of women.

Whistl is committed to ensuring pay is fair, equitable and competitive regardless of gender. Our policies, including our compensation framework, union negotiated operational pay structure, and salary benchmarking pay guidance approach, effectively promote equal pay and support gender pay aims. This approach is common across the Group and we also ensure we apply the same policies for any new businesses that join the Group.



Environment, Social and Governance

- 30 Environment and social
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We recognise that, as a large business and substantial employer, we have a major role to play as a corporate citizen.

Therefore, we continue to develop our Environment, Social and Governance (ESG) strategy, to ensure our impact on social, economic and environmental facets of society remain positive.

Engagement with key stakeholders including clients, employees, local communities, environmental groups, regulators, business partners, suppliers, and our shareholders all form part of our ESG strategy.

We understand that to keep global temperature increases below 1.5°C and to meet the UK Government's 2050 NetZero commitment we need to exercise greater control; define how we plan to cut direct and indirect emissions across the business and supply chains; and chart a credible reduction pathway.

In 2021 we committed to the following ESG and carbon footprint objectives: Revised CSR/ESG policy by Q3 2023 with interim policy by Q4 2022 and supported by:

- streamlined ESG reporting mechanisms with meaningful KPIs supporting each element
- an action plan to ensure CSR policy continues to achieve its goals
- a voluntary signatory to defined CSR/ESG initiatives
- improved public and customer profile.

We will then look at action required and timescale to meet NetZero of

- ISO 14064 verified GHG inventory
- Science Based Targets (SBTs)
- Taskforce on Carbon-Related Financial Disclosures (TCFD) reporting and scenario risk mitigation plan

Business wide certified ISO 50001 Energy Management System (EMS) with:

- enhancement of EMS to support carbon footprinting mandatory and voluntary compliance obligations, objectives and targets; and
- agile processes that integrate with other systems and support the acquisitive nature of the Whistl Group.

The Whistl Group have been submitting data to a number of indices including the CDP (formerly the "Carbon Disclosure Project"). The CDP is the leading international index of climate change and carbon management for companies. Reporting is in line with Streamlined Energy & Carbon Reporting (SECR) requirements.

Our performance submitted to CDP for our Downstream Access activity is as below:

CO ₂ e* emissions (metric tonnes)	2021	2020
Scope 1	14,362	16,553
Scope 2	41	40
Scope 3	157	225
Total	14,560	16,818

Intensity figures	2021	2020
Tonnes CO ₂ e by revenue	0.022	0.031
Tonnes CO ₂ e by no of employees	12.84	12.53
Tonnes per CO ₂ e by millions items	4.49	5.90

Scope 3 - CO ₂ e (metric tonnes)	2021	2020
Employee commuting	131.28	178.40
Flights	5.38	25.97
Hotel	19.73	18.85
Train	0.68	2.25
Total - Scope 3	157.07	225.47

Intensity figures CO ₂ e emissions (metric tonnes) by activity	2021	2020
Facility heating	29	30
Small vehicle fleet	962	1,032
Large vehicle fleet	13,371	15,491
Total - Scope 1	14,362	16,553

Energy consumption (MWh) by type	2021	2020
Fuel	59,581	66,711
Electricity	3,315	3,325
Heat	155	162
Total	63,051	70,198

*CO₂ equivalent

Scope 1 = gas / heating (obtained from gas invoices for each site) and fleet CO₂e (large and small vehicles used to collect, trunk and deliver mail between the customer, depot locations and onward carrier where applicable, data calculated from fuel usage)

Scope 2 = purchased electricity usage consumed by the reporting company.

Scope 3 = business travel and employee commuting (information provided by 3rd party applications, Click Travel and Expenses on Demand). Scope 3 data does not currently include any 3rd party supply chain or outsourced provider data.

Latest conversion factors taken from Carbonfootprint.com (Government GHG Conversion Factors 2020) Assumptions used for employee commuting only where 10p per mile was used as the basis to calculate the CO₂e where cost (as opposed to distance / mileage) was the only data available

KEY POINTS FROM THE 2021 DATA

Downstream Access (DSA)

Overall

- Reduced CO₂e by 25% (baseline 2019)*

Scope 1

- Reduced by 18% (baseline 2019)*
- Fleet impact - greater level of outsourcing. CO₂e not captured
- Gas impact - Glasgow boiler and lagging fix mid year

Scope 2

- Reduced by 96.6% (baseline 2019)*
- Bristol Electricity - not on Green Utilities contract yet, therefore incurring carbon emissions

Scope 3

- Reduced by 76.6% (baseline 2019)*
- Employee travel and commuting remaining lower due to hybrid working and continuation of Covid-19 throughout the year

*baseline comparison 2019 as 2020 impacted by Covid-19 restrictions.

Environment and social continued

Environmental and energy objectives

We comply with all current legislation and other requirements via our environmental and energy policies, objectives and management systems.

We remain committed to understanding, managing and reducing the environmental impact of our activities through innovation, technology and cultural change. Where it is cost-effective and operationally viable, we will practice energy efficiency with premises, plant and equipment.

With our vehicles

We continually invest in our transport fleet to help reduce hydrocarbons. We use real-time data to avoid traffic delays and road closures to minimise travel time. We train our drivers on the effective use of the vehicles to improve miles per gallon and reduce carbon emissions. We operate double decker trailers to optimise our load capacity and reduce the number of vehicles needed on the road. We are in the process of introducing 115 new trailers into the fleet.

We also operate Peugeot Boxer 435 Vans on leases that enable swap out when electric powered replacements become available. All of our ICE commercial vehicles are Euro VI compliant and we are also introducing 26 new 18t rigid trucks and 17 26t trucks and 126 Renault T-Rangers (Tractor Units) all with eco drive. All company vehicle replacements in 2021 were hybrid or electric.

In 2022 we are consolidating all the transport fleet under a new transport management system (TMS) which will enable us to better utilise the fleet, maximising loads and reducing mileage.

Within our buildings

We reduce our environmental impact through setting targets, underpinned by improvement plans and performance measures. In 2021 we moved our Bristol depot to a new purpose-built site and opened new buildings in Lutterworth and in Northampton. These new buildings are Breeam rated "Very Good" or "Excellent". We continue to identify renewable energy sources within our buildings e.g. through solar panels.



Business travel and employee commuting

We have always tracked our flights, hotels and train carbon emissions. For the third year running, we are also monitoring the impact of our employees' commutes to work. We have started to see trends and also the impact of Covid-19 travel and commuting regulations.

We seek to reduce unnecessary travel by encouraging alternative means of commuting and meeting, such as car sharing, cycle to work, and utilisation of public transport as well as adopting technology such as remote meetings and video conferencing software. Our move to hybrid office working (part in the office, part from home) will also see a reduction in the number of commutable journeys.

Whilst this scope of carbon emissions equates to a small percentage, there is still opportunity to reduce the financial and CO₂e impact of business travel and employee commuting and we intend to roll out electric charging points across our estate as part of this process.

Packaging

Packaging: Whistl Fulfilment business and Ethical Superstore (part of the Whistl group) continually strive to use materials that safeguard products and are environmentally friendly. Packing material used includes: paper bubble wrap alternative, unbleached kraft roll, PVC free packing tape, reused cartons and 100% recycled paper void fill.

Waste / Recycling DSA



RECYCLING PERFORMANCE (%)

✓ 66% v 65% recycling target

✓ Produced 80 tonnes less general waste in 2021 v 2020

Health and Safety

We have a comprehensive Health & Safety (H&S) framework which includes compliance with all major regulations, a set of policies and a set of KPIs to monitor implementation and effectiveness of H&S standards.

Our integrated Safety, Health and Environmental Management System provides a framework for managing risk, driving continual improvement and maintaining a safe, healthy, and environmentally responsible workplace.

We provide ongoing inductions and training for all our staff and visitors to site. We also provide regular refresher training on key priorities and general SHE standards.

	2021*	2020
Total Incidents Reported	365	243
Total Injury Accidents Reported	224	136
Total Lost Time Incidents	52	33
Total Lost Days	1,174	374
Fatalities	-	-
RIDDOR Incidents	21	15
HSE/EHO Visits/Enquiries	3	3
Accident Frequency Rate (AFR)	4.4	3.5
Accident Severity Rate (ASR)	46.8	N/A
Near Miss %	27%	30%

*data includes Whistl Fulfilment Group not Parcelhub and Clientbase.

2021 figures reflect an expansion in the number of employees working across the Group and improvement in our reporting processes.

AFR (Accidents per 100,000 Hours Worked)
Calculation: No. Injuries x 100,000 / Total Hours Worked (Headcount x 38.5 x No. Weeks)

ASR (Average Lost Days per Accident)
Calculation: No. Days Lost x 200,000 / Total Hours Worked (Headcount x 38.5 x No. Weeks)

Our community

We are passionate about supporting our local communities and charities through volunteering opportunities, fundraising campaigns and activities.

There are also other ways employees can engage with communities. Whistl is supportive of employees wishing to work within the local communities on a volunteer basis such as helping out at a local food bank, managing a local sports team, socialising with the elderly, and more. Employees are also able to contribute by a Just Giving (Give as you earn) facility to support a charity of their choice.

During the year, despite the restrictions on gathering, across the company employees raised over £5,000 for their nominated site charities.

The beneficiaries were: MS Society, Alzheimers Scotland, Cancer Focus, Northern Ireland, MhIST Mental Health Independent Support, MIND and Rainbows Children's Hospice.

In 2021 we launched the Whistl Apprenticeship Fund inviting small businesses in the areas where we have sites to apply for funding for their own apprenticeship schemes.

Employers with an annual wage bill of over £3m have to pay the apprenticeship levy in monthly instalments and have 24 months to use their funds once they enter their apprenticeship service account, after which, their entitlement to the funds will expire.

We saw an opportunity to help small businesses that could not afford to fund their own apprenticeships by allocating our monthly surplus funds to them rather than sending it back to the government.

Whistl typically has circa £30,000 a month available from its Levy to fund apprenticeship training both within the company and the community. The Whistl Apprenticeship Fund is focusing on early years learning, digital and engineering focused apprenticeships.

In a pilot study Whistl has already helped 20 organisations fund Level 2 to 5 apprenticeships in areas including Lancashire, Lincolnshire, Northamptonshire and Yorkshire.



Whistl employees fundraising across the country

Environment and social continued

Our Customers

We work closely with our customers to assist them to act in an environmentally friendly way, offering services and tools that effectively reduce their footprint on the planet. Customers also have the option to offset carbon emissions relating to the distribution and delivery of their mailings.

Our purpose is to help our customers achieve their business goals by providing a high standard of products and services that meet their needs.

We minimise the impact on the natural environment and the communities by raising awareness of our CSR with our customers and the market

We operate openly and disclose performance information and data when requested by customers

For a number of customers we provide carbon reporting for CDP (formerly the 'Carbon Disclosure Project') which discloses our impact within the supply chain alongside proof of other accreditations such as EcoVadis



Our customers can contribute through Ethical Superstore (part of the Whistl Group) by making charitable donations at the checkout stage and offset their carbon footprint by donating to 'Trees for life'. Ethical Superstore also run a 'Black Friday' deal to support a food bank, donating an item for every order placed.

Our Suppliers

Due diligence and supply chain controls are in place to ensure that we only engage with reputable suppliers who share our commitment to our business values, CSR and legal and regulatory requirements. During pre-screening and onboarding processes, all potential suppliers are required to confirm their compliance with applicable and relevant criteria, including business, labour and employment laws, such as Anti-bribery and Anti-slavery / human trafficking. We manage our key suppliers closely and have a dedicated Supplier Relationship Management (SRM) programme.

Compliance and accreditation

Across the Whistl Group we have regular and mandatory training in place for employees in order to:

- Comply with the law and requirements of regulatory bodies
- Carry out duties safely and efficiently
- Foster a culture of risk awareness and mitigation
- Provide an awareness and understanding of specific organisational and industry requirements
- Maintain competence to the required standards identified by our customers and/or external bodies e.g. ISO, IIP.

Employees are required to complete this training at different stages of their career with Whistl, including at induction, change of role, and on an annual basis to ensure they are aware of any updates – which supports our approach to continual improvement.

The core mandatory training that is covered for all staff includes:

- Information Security
- Data Protection
- Mail Integrity
- Safety, Health and the Environment
- Business Ethics and Whistleblowing
- Bribery, Corruption, Tax Evasion and Corporate Criminal Offence.

We also have a number of optional e-Learning packages available which cater to specific topics or requirements which can be delivered on a case by case basis.

Certification

All of our existing certifications are audited by Lloyd's Register. We undergo external audits alongside our formal internal audit schedule to demonstrate our ongoing compliance with, and improvement within, these standards.

Many of our existing customers require us to complete security or business continuity audits on our operations as required.

We are certified to and follow the standards below:

OFCOM requirements	UK Postal Regulator
Mail Industry Code of Practice (MICOP)	Operational requirements for postal operators
Postal Services Act 2011	Legislation enabling privatisation of Royal Mail
Data Protection Act	Controls how personal information is used by organisations, businesses or the Government
ISO 9001:2015 certified	International standard dedicated to Quality Management Systems
ISO 27001:2013 Information Security	A set of standardised requirements for an Information Security Management System
ISO 45001:2018 certified	International standard for health and safety at work
ISO 14001:2015 Environmental, Health & Safety, Quality Management	The criteria for an environmental management system
ISO 50001:2018 Energy Management	The international standard for Energy Management
Business Continuity Good Practice Guidelines 2018	The definitive guide for business continuity and resilience professionals
PCI:DSS compliant	The Payment Card Industry Data Security Standard
Carbon Disclosure Programme (CDP)	Recognised as a global leader for engaging with our suppliers on climate change
EcoVadis Silver Medal	Silver award for environmental performance and corporate social responsibility (CSR).
FSQS (Financial Services Qualification System)	Requirement by the largest financial services companies' supplier procurement processes
UK's Border Force & HMRC Customs Clearance Agent	Enables us to offer air, sea and road clearance for mail and parcels entering the UK.



In 2021 we were accredited for the RSQS (Retail Suppliers Qualification System) is a cross-sector collaboration, compliance solution within the retail sector that reduces the time, cost, resources and duplication needed when providing information to this sector.

The accreditation mark is valued by some of the largest purchasers in the retail industry as it provides confidence and assurance to potential buyers that a supplier is complying with a minimum set of standards including corporate responsibility, sector specific legislation, information security and data protection.



Whistl became an Ad Net Zero Supporter in 2021. The scheme requires participants to reduce the carbon impact of developing, producing and running UK advertising to real net zero by the end of 2030 and commit to make practical changes in the way they run their advertising operations.

Risk Management

Principal risks and uncertainties

The Group has determined its key principal risks as those risks that the Group considers material and which could have a significant impact on the Group's financial position, its operations and/or reputation.

Risk management

The Group's principal risk management processes comprise risk registers and reviews, control risk self-assessment and a Risk Management Committee. The Group faces a diverse range of risks and uncertainties which could have an adverse effect on its success if not managed. The Group has designed and embedded a risk management process to identify and monitor potential risks and uncertainties relevant to the Group and then seeks to eliminate or reduce these to the lowest extent possible to protect the business, its people and customers, and support delivery of its strategy.

The risk management process is intended to mitigate and reduce risk to the lowest extent possible but cannot eliminate all risks to the Group and its businesses. The Group's risk management process and controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management process incorporates both top-down and bottom-up elements to the identification, evaluation and management of risks. Mitigating controls are identified and opportunities for the enhancement are implemented.

Risk Governance

The Board of Management is ultimately responsible for the Group's system of risk management and internal controls and reviews their effectiveness on a regular basis throughout the year.

Risk overview

The Board of Management recognises that the risks faced by the Group change and it regularly assesses risks to manage and mitigate any impact.

Summarised below are the key risks, not in order of significance that the Board of Management has identified as the primary risks to the Group's successful financial performance, reputation or operations in the year ended 31 December 2021 and future years.

Financial risk management

The Group has established processes to identify, monitor, mitigate and where feasible, eliminate these risks.

Capital management

Management consider capital to consist of equity plus net debt as disclosed in the balance sheet. The primary objective of the Group's capital management is to ensure healthy capital ratios in order to support its business and maximise shareholder value. The Group's financial instruments comprise of cash and liquid resources and various other items, such as receivables and trade payables that arise directly from its operations. The Group's policy is to finance its operations through operating cash flows and have access to a fully committed £75m facility from HSBC.

Market risk

The Group's activities are principally provided to UK businesses and as a result the fortunes of the business are linked to the general health of the UK economy. The company's exposure is limited by having a broad customer base and a diversified portfolio of services, however the business remains exposed to fluctuations in marketing budgets, e-substitution, recession and continued market evolution.

Regulatory risk

The Group operates in a regulated market which affords a level of protection against any anti-competitive behaviour, mandates access to Royal Mail's network and controls elements of Royal Mail's pricing. The regulator, Ofcom, are currently consulting on their proposals for a new regulatory regime to be in place until 2027. Whistl is fully engaged in the process and will continue to submit its views to Ofcom formally through the call for inputs process, the request for information and has submitted its consultation response. Management considers this risk to be manageable and in control.

Credit risk

The Group has significant credit risk particularly given that a substantial amount of turnover is the pass through to customers. This credit risk is carefully managed by specialist credit control teams. Standardised company processes, credit checks, managed and monitored credit limits and tight credit control processes are adhered to in order to minimise the risk. In addition, the Group utilises credit insurance to protect any significant exposure to bad debts.

Treasury management

In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, all risk exposures including funding, foreign currency, interest rate exposures and cash management are regularly monitored by the Board of Management. The prime focus being performance and strategic issues as well as the mitigation and management of these risks to an acceptable level. The Group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations, the Group has substantial, fully committed unused credit facilities available.

Price Competition

The Group operates in a highly competitive environment. The Group is focusing on excellent account management and consistent quality of service with initiatives designed to improve competencies surrounding customer services, operational improvement, sales support and training.

In the Parcel and Mail business, the key factors for success are quality, customer confidence and competitive prices. The Group mitigates this risk through close customer contact, with key account managers regularly undertaking performance review. Pricing of Royal Mail services is determined by Royal Mail but is monitored by the Regulator, Ofcom.

Competition and supply risk

Our continuing success in the e-commerce fulfilment sector is attributed to a continued focus on the development of our services which are aimed at a growing e-commerce market. We continually monitor our competition and the market to ensure that we remain in a competitive position.

Cyber and IT data risk

Our data and systems are exposed to risks and the enhanced threat landscape that has become more hostile. These risks could lead to data breaches or disruption to our systems or operations.

The Group reviews information security regularly and invests in proportionate and appropriate services, resources, systems, training and processes to endeavour to ensure the security of its systems, data and customer information. The Group also utilises integrated and complementary solutions and services to protect against data security risks and provide solutions for mitigation and remediation supported by our Business Continuity Plan and by communicating to our staff the importance of maintaining vigilance to protect digital assets.

We enforce robust security and privacy controls to offer our customers and employees the assurance that we are committed to compliance with the regulatory requirements of both Payment Card Industry Data Security Standard (PCI DSS) and fulfilling our obligations under data protection laws.

Business continuity

The Group has detailed business continuity plans in place for all sites to ensure an immediate and appropriate response to a business continuity issue or disaster scenario.

Anti-bribery and corruption

The Group operates an anti-bribery and corruption policy which was put in place in response to UK Bribery Act 2010. This policy sets out the responsibilities of employees of the Group in observing and maintaining the Group's position on bribery and corruption, which is that the Group will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which it operates. All employees are required to undertake a Bribery Corruption Awareness training programme as part of their induction process upon joining the Group.

We publish our anti-bribery procedure on our intranet and each member of staff has to complete an annual assessment through the company's myAcademy online training portal. We are committed to actively investigating any reports of a breach in policy. No breaches were reported this year.

Whistleblowing

The Group has in place a Whistleblowing Policy, which all employees and other defined individuals are required to adhere to and is open to suppliers and customers to use if they wish to report any concerns. The Whistleblowing Policy sets out the ethical standards expected of all persons the policy legally applies to and includes the procedure for raising concerns in strict confidence. Employees are encouraged to raise their genuine concerns regarding any malpractice within the Group without fear of harassment or victimisation. Any instances of employee disclosures concerning malpractice are reported to the Executive Board. There were no instances of malpractice reported to the committee during the year.

Modern Slavery Act compliance

Whistl is committed to ensuring that there is no modern slavery or human trafficking practices within our business or our supply chain. Our Anti-Slavery and Human Trafficking Policy reflects our responsibility to act ethically and with integrity in all our business relationships and to implement and enforce effective systems and controls to ensure slavery and human trafficking are not taking place anywhere in our supply chain.

This policy works in conjunction with a range of other relevant policies and procedures that set out steps to be taken to support the identification and steps to prevent slavery and human trafficking in the business.

Our Modern Slavery Committee meets at least twice per year and includes representation from Legal; Audit and Compliance; Human Resources; Procurement; Communications; and Security reviewing across the Whistl Group.

Our Anti-Slavery and Human Trafficking Statement for 2020 has been published outlining our plans to ensure our approach and practices are assessed, reviewed and improved upon continually in line with best practice.

Staff Development and Retention

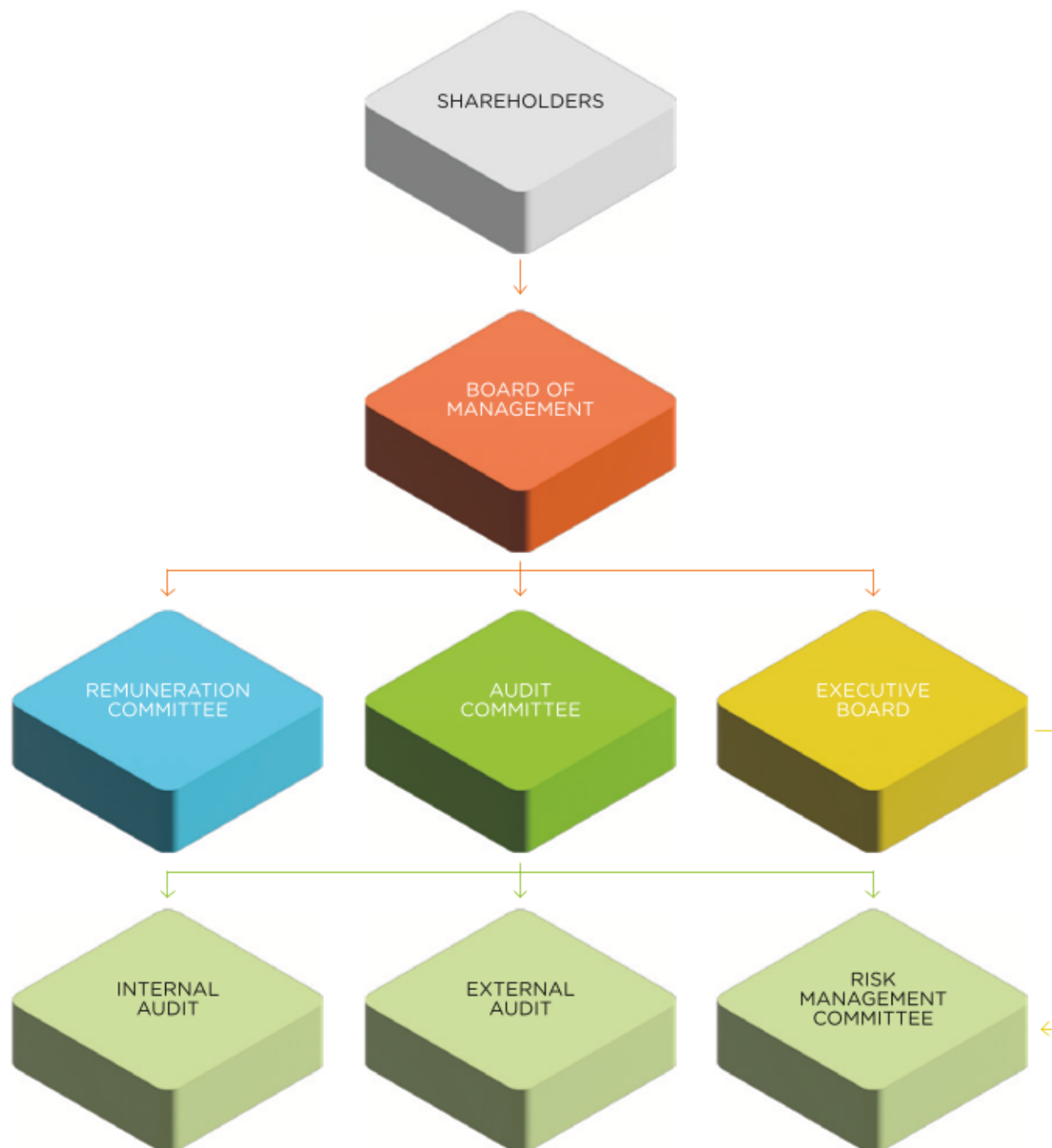
The Group is highly reliant on the continued service of its key management and employees, who process the necessary commercial, operational, HR, IT and financial skills that are critical to the success of the Group. The Group actively encourages the development of all their employees and has a number of programmes that can assist in achieving this at all levels in the business, including e-learning and apprenticeships. The Group's policy and practice is to encourage the recruitment and subsequent learning, development, career development and promotion of all regardless of age, race, disability, gender, sexual orientation and according to aptitudes and abilities. Diversity and inclusion is a main priority for the Whistl Group and our Be You initiative aims to improve our already strong performance in this area.

Tax Evasion

The Group operates a policy as part of its efforts against tax evasion and the facilitation of tax evasion. This policy arises from compliance with the Criminal Finances Act 2017. The policy is available on the Group's intranet, and forms part of a training programme which all employees are required to take each year.

The policy applies to anyone working for any company in the Group (whether they are employees, contractors, workers or in any other form of contract). Specific provisions are also included in our contracts with suppliers. The policy and supplier provisions set out the prohibitions on engaging in any form of tax evasion or facilitating it in any way, and require those working in Whistl and our suppliers to notify us if there is any form of tax evasion or facilitation of tax evasion.

GOVERNANCE STRUCTURE



For the year ended 31 December 2021, the Group has voluntarily applied the Wates Corporate Governance Principles for Large Private Companies.

The Directors have set out below an explanation of how the Wates Principles have been applied during the 2021 year.

1. Purpose and leadership

The Group's purpose is to be the UK's leading logistics specialist in e-fulfilment, parcels and mail. The Whistl group comprises market-leading businesses providing efficient, high-quality, and competitively priced services and support for businesses, large or small, across a range of sectors with can-do people working efficiently to deliver exceptional services to all our customers.

2. Board Composition

Whistl Consolidated Limited (formerly NNY 91 Limited), the ultimate parent and controlling party is led and controlled by the Board of Management, which is collectively responsible for the long-term success of the Group and the endorsement and application of corporate governance.

The Board of Management is currently comprised of four executives, and three non-executives. The executives and non-executives are not currently subject to retirement by rotation and there is no plan to implement such a regime. The Board of Management always aims to keep an appropriate balance of Board of Management expertise and length of director tenure and recognises that tenure must be considered when examining the independent status of non-executive directors.

Board of Management sub-committees

The Board of Management is supported by three sub-committees - an Audit Committee, Remuneration Committee and an Executive Board. Each committee has terms of reference which are reviewed and revised where necessary.

The Executive Board operates from Whistl Group Holdings Limited, comprising of experienced management and operational teams with deep understanding of the Group's operations.

Our approach to corporate governance is to instil it throughout the business, with the Board of Management taking collective responsibility for the overall management and leadership of the business, together with individuals and teams, taking ownership and being empowered to take appropriate decisions while reporting into the Executive Board, which in turn, reports into the Board of Management.

The Board of Management acknowledges its accountability in the performance and success of the business to its shareholders.

The Board of Management's agenda also covers:

- Planning and monitoring Group strategy
- Financial and operational risk management
- Financial reporting, tax and treasury matters
- Performance of key management personnel and the Executive Board
- Management of shareholders and investors

The Board of Management operates robust procedures to ensure all decisions are made objectively:

- Board of Management meetings take place on a monthly basis
- Conflicts of interest are declared openly and in advance and are managed respectfully
- The Board of Management receives a report from the Executive Chairman, Chief Executive and Chief Financial Officer as well as reports from its various committees and the Executive Board
- Members of the senior management team make presentations to both the Board of Management and the Executive Board on specific topics, creating a close connection between the Board of Management and the rest of the business
- In the period between Board of Management and Executive Board meetings, all Directors receive email updates on significant matters arising. This may result in discussion by conference call between Board of Management meetings.

EXECUTIVE BOARD PROFILES



Nick Wells
Executive Chairman

Nick has led the business since its formation in 2001 becoming Executive Chairman in 2022. He has overall responsibility for the growth and strategy of the Whistl Group and is Chair of Board of Management. He is an industry leading innovator and commentator.



Alistair Cochrane
Chief Executive Officer

Alistair became CEO in 2022 having joined Whistl in 2018 as Chief Development Officer. He has overall responsibility for Fulfilment North, South and South West, Parcels, International, IT and is Chair of the Executive Board. An industry veteran, he was with TNT Express for 28 years.



Nigel Polglass
Chief Operating Officer

Nigel joined the company in 2008 and became COO in 2013. He also has Board responsibility for Whistl Mail and Posthub and function areas of HR, Property & Procurement, Security, SH&E & ESG and Regulation. Prior to Whistl, Nigel held senior positions in Hays PLC and Ceridian Corporation.



Manoj Parmar
Chief Finance Officer

Manoj has been with Whistl for over ten years as CFO. He qualified as a Chartered Accountant with PWC and joined Cable & Wireless, holding senior finance and international positions. He has also held similar roles in several private equity backed businesses.



John Evans
Director of Legal and Company Secretary

John was promoted to these roles in 2019 and joined the company in 2011. He is a specialist in commercial and corporate law, and provides strategic, legal, risk management and compliance advice and support across the Group.



Andrew Goddard
Commercial Director

Andy joined Whistl in 2006 as National Sales Director and became Commercial Director in 2013. He joined the company on secondment from Express Dairies and prior to that he was Client Director Home Shopping, also running Door to Door, at Royal Mail.

EXECUTIVE BOARD PROFILES



Jon Stockton
Managing Director Fulfilment

Jon joined the Whistl Group in 2021. He joined the company from FedEx where he was Vice President Ground Operations UK and previously held a number of roles in the company over 26 years, joining TNT Express at the start of his management career.



Lynn Dillon
HR Director

Lynn joined the business over 18 years ago becoming the Operations Director in the DDM business. She took over the HR Director role across the Group in 2014 and has been instrumental in creating a culture of continuous improvement.



Dave Twiddle
Director of Operations Mail & Parcels

Dave joined Whistl in 2014 undertaking a number of operational leadership roles. He has played a central role in the development of the network delivering industry leading service to customers. Dave took up his current role in 2019.



Jason Powell
IT Director

Jason is responsible for the design and implementation of the IT strategy, ensuring a seamless customer experience and leading Whistl's technology innovation programmes. He has held similar roles in the banking, BPO, utilities and retail sectors.



Mark Davies
Managing Director E-commerce Marketing (ECM)

Mark joined Whistl in 2003 and occupied several key sales roles before becoming MD ECM. A leading ECM expert and commentator, he is President of ELMA (European Letterbox Marketing Association) and sits on the DMA Print Council and JICMAIL Board.



Gareth Hughes
Procurement & Property Director

Gareth has been with Whistl since 2014 where he has responsibility for procurement, property and fleet management. He has held leadership positions at Bupa and Legal & General and is a Fellow of the CIPS.

3. Director Responsibilities

The Board and individual Directors have a clear understanding of their accountability and responsibilities. The Board's composition, policies and procedures support effective decision making and independent challenge.

Individually each executive Director is required to perform his/her role in accordance with prescribed role profiles and competency requirements, which helps to ensure the Board members remain "fit and proper" to undertake their duties (whether commercial, fiduciary or regulatory) and responsibilities to the Group. The three non-executive Directors provide independent challenge to the executive Directors and provide balance to decision-making processes.

Good governance supports open and fair business, ensures that the Group has the right safeguards in place and makes certain that every decision it takes is underpinned by the right considerations.

Whilst Board oversight is always maintained, key decisions are made by individuals and committees with the most appropriate knowledge and industry experience.

The Board delegates authority for day-to-day management of the Group to the Chief Executive Officer. Certain governance responsibilities are delegated to other committees (see section 2).

The Group has a defined organisational structure with clear roles and responsibilities. The structures in place ensure appropriate limits are used for internal authorisation. Decisions are made in line with approved annual budgets.

There are sufficient internal authorisation controls which include separate controls covering purchasing and sales contracts.

The Board meets on a monthly basis and in advance of each meeting receives a board pack containing information on all key aspects of the business including health & safety, risks and opportunities, financial performance of the business, strategy, operational matters and market conditions, supported by specific Key Performance Indicators. Key financial information is collated from the Group's accounting and operational systems. The Group's financial function is appropriately qualified to ensure the integrity of this information and is responsible for remaining compliant with reporting standards and regulatory changes. Financial information is currently externally audited by Ernst & Young LLP on an annual basis.

4. Opportunity and Risk

The Board aims to promote the long term sustainable success of the Group by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

The Group has in place a team dedicated to Risk Management which includes representatives from all of our businesses, internal audit, security, legal, procurement, finance, HR, as well as executives so that it can identify risks from across the business and the sector, review the nature and extent of them and develop solutions to manage or mitigate the risks.

The Risk Management Committee also works closely with the business, providing guidance and support to key risk owners within the Group's business and support functions. Key risk owners within the business attend quarterly Risk Management Committee meetings to provide updates on key strategic and emerging risks within their remit.

Monthly Board of Management, Executive Board, Senior Management & Operational Team meetings provide a forum for discussion on long term opportunities and risk.

The Risk Management Committee keeps under review and makes recommendations to the Board on the Group's risk appetite, tolerance and strategy on an annual basis or more frequently if required. The Risk Management Committee also sets the standard for ensuring the accurate and timely monitoring of large exposures and certain risk types of critical importance and ensures that these are escalated to the Board as appropriate.

The Group maintains full compliance with all applicable legislation either through certifications or alignment to best practice. The Group has developed an Operating Framework which includes the Group's operating rules, processes, best practices and delegated authorities. The Group is also certified for ISO 9001 - International standard dedicated to Quality Management Systems. For other certifications, see page 35.

In addition the Group maintains full compliance with all applicable legislation and contractual requirements (e.g. General Data Protection Regulation, Data Protection Act 2018), and any supporting management system certifications and by operating an Information Security Management System (ISMS) aligned to the principles of ISO 27001. The Group fully complies with relevant UK legislation.

The Audit Committee, consisting of the Independent Non-Executive Director (as chairman), the Executive Chairman of the Board and other Board members attending by invitation as appropriate, ensures that material risks both inherent and emerging are identified and managed appropriately. The Audit Committee meets annually. Robust internal processes exist to ensure systems and controls operate effectively, and that the quality and integrity of information provided is reliable.

5. Remuneration

The Group's Remuneration Policy and compensation practices were kept under review by the Remuneration Committee throughout 2021, with a view to ensuring that they were consistent, and promoted effective risk management and were aligned to the Group's business strategy, values and long term objectives.

Remuneration for the Directors and the senior managers in the Group is set by the Remuneration Committee which reviewed the remuneration packages of all executive directors, and certain senior managers within the Group for 2021, with a view to ensuring that executive performance was remunerated not only on financial performance, but also on qualitative measures aimed at preserving the legal, regulatory and reputational health of the Group.

The Board is committed to improving the Group's Gender Pay Gap. The Group's latest Gender Pay Gap Report (see page 27), which was reviewed by the Board prior to publication, is available on the company's website at www.whistl.co.uk.

6. Communication with stakeholders

The Directors seek to foster effective stakeholder relationships aligned to the Group's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

The Group undertake an annual employee engagement survey: MySay we have consistently achieved an overall Engagement score that is above the average for our sector, (see page 25).

The Group keeps employees up to date on strategy and performance through a variety of channels, including formal leadership events, employee briefings, the Employee Forum and a digital employee communication tool. Regular meetings with the Employee Forum have continued on a quarterly basis and are supported by members of the Executive Board.

The Group issues a regular monthly communication to all shareholders and investors which includes the monthly performance of the business as well as its performance in the year to date. The communication provides an assessment of the company's position and prospects and its latest news.

Whistl Group is wholly UK resident and commits to complying with all relevant laws, rules, regulations and reporting and disclosure requirements in relation to its tax activities alongside maintaining an open and honest relationship with all relevant tax authorities.

Whistl's tax strategy can be found at <https://www.whistl.co.uk/corporate-documents>

The strategic report on pages 4 to 45 is approved on behalf of the Board.



Manoj Parmar
Director
12 May 2022

Financials

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Directors' report for the year ended 31 December 2021

The Directors present their report and the audited consolidated financial statements of the Group for year ended 31 December 2021.

Directors

The statutory Directors who served the company during the year and up to the date of signing the financial statements were as follows:

N Wells
A Cochrane (appointed 21 April 2022)
N Polglass
M Parmar
J Greenbury
M Nunny
P Berendsen (appointed 19 May 2021)

The Directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Political donations

The Group made no political donations during the year.

Employee involvement

The Group is committed to eliminating discrimination and encouraging diversity and inclusion amongst our workforce and that all employees or workers are treated with respect and dignity. Our aim is to provide equality and fairness for all in our employment and not to discriminate on grounds of age, disability, gender re-assignment, marriage and civil partnership, race, religion or belief, sex and sexual orientation. We oppose all forms of unlawful and unfair discrimination.

Additionally, we conform to the requirements around Modern Day Slavery legislation to ensure we only use resource that can legally work within the organisation and ensure no workforce is engaged that in any way has links to people trafficking activity.

The company is committed that the workforce whether part-time, full-time or temporary are treated fairly in respect of employment, promotions, performance appraisals, transfers and training. Whistl will appoint, train, develop and promote on the basis of aptitude and ability. It is recognised that staff with disabilities may require reasonable adjustments to their workplace or have equipment provided in order that they may carry out their normal duties. The company will endeavour to provide reasonable solutions for such situations.

We also undertake an annual employee engagement survey: MySay and are proud that we have consistently achieved positive Engagement scores, additionally from the results we develop any improvement plans for the coming years.

Matters covered in the Strategic report

Discussion of going concern, financial risk management, future developments, and payment of dividends have been included in the Strategic report.

Directors' duties

Directors of UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172(1) of the Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the need to maintain a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.'

As part of their induction, a Director is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in a large organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the Company.

The following paragraphs summarise how the Directors' fulfil their duties:

Risk Management

As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management. For details of our principal risks and uncertainties, and how we manage our risk environment, see pages 36 to 37.

Our People

The Group is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, customers, suppliers and society as a whole. People are at the heart of our specialist services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way. For further details on our people and employee involvement, see pages 24 to 27.

Business Relationships

Our strategy prioritises organic growth, driven by cross-selling and up-selling services to existing

clients and bringing new clients into the Group. To do this, we need to develop and maintain strong client relationships. We value all of our clients and suppliers and have contracts with our key suppliers, see pages 33 and 34.

Culture and Values

The Board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our clients, people and other stakeholders. Through the use of employee forums and management workshops, we identify values that govern how we act as a business, see pages 24 to 27.

Communication with stakeholders

Throughout the period, the Group has maintained regular monthly contact with its shareholders and investors to ensure that the interests of shareholders are aligned with the Company's. Good governance is an essential tool in ensuring that stakeholders remain committed partners as we invest in our business for the longer term. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered, see page 45.

Going concern

The Directors have prepared cash flow forecasts for the Group from the date of approval of the 2021 financial statements through to 31 May 2023 ("the going concern period"). These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future cash flow performance. The forecasts have been reverse stress tested by considering the impact of a sudden and significant reduction in revenue. In both the forecasts and the reverse stress tested scenarios the Group and the Company will have sufficient cash and existing borrowing facilities to continue in operation.

In assessing whether the going concern basis is appropriate the Directors have taken account of all available information about the future up to and including 31 May 2023, which is at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Statement of disclosure of information to auditor

In the case of each Director in office at the date the Directors' report is approved under section 418, the following applies:

- (a) so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (b) they have taken all the steps that they ought to have taken as a Director in order to make

themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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 the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the group financial statements, state whether applicable UK accounting standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/or group will continue in business

Directors' report for the year ended 31 December 2021 (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office. Signed on behalf of the Board of Management.



Manoj Parmar
Director
12 May 2022

Independent auditor's report to the members of Whistl Consolidated Limited (formerly NNY 91 Limited)

Opinion

We have audited the financial statements of Whistl Consolidated Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated statement of cash flows and the related notes 1 to 33, 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 FRS 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 group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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 group and parent company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 course of 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 the 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 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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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, 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

Independent auditor's report to the members of Whistl Consolidated Limited (formerly NNY 91 Limited) (continued)

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on pages 49 and 50, 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.

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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group or to the parent company and determined that the most significant are those related to the reporting framework (FRS 102 and the Company's Act 2006 and compliance with the relevant direct and indirect tax regulations in the United Kingdom.
- We understood how the group and parent company are complying with those frameworks by making

inquiries of management and those charged with governance to understand how the group and the parent company maintain and communicate its policies and procedures in these areas and corroborated this by inspecting supporting documentation.

- We assessed the susceptibility of the group and the parent company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assessing revenue cut off to be a fraud risk. Through these procedures, we determined there to be a risk of management override and fraud around revenue recognition and in particular revenue recognition around the year-end date. We selected a sample of revenue transactions around the year-end date and performed detailed testing including agreeing to source documentation to validate that the revenue had been recognised in the appropriate period. In relation to management override, we used data analytics to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria which we investigated further to gain an understanding of the transaction and agree to source documentation ensuring appropriate authorisation of the transactions.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiries of the management, those charged with governance, and those responsible for legal and compliance. We also reviewed the board minutes to identify any non-compliance with laws and regulation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 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.

Daniel Dennett (Senior statutory auditor)

for and on behalf of Ernst & Young LLP
Statutory Auditor
Reading

12 May 2022

Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	5	823,244	654,286
Cost of sales		(773,709)	(619,789)
Gross profit		49,535	34,497
Administrative expenses		(47,782)	(40,732)
Administrative expenses – Exceptional items	6	(4,000)	(1,351)
Total Administrative expenses		(51,782)	(42,083)
Other operating income		37	35
Operating profit/(loss):			
- Before exceptional items		1,790	(6,200)
- Exceptional items		(4,000)	(1,351)
Operating loss	6	(2,210)	(7,551)
Loss before interest and taxation		(2,210)	(7,551)
Interest receivable and similar income	9	-	5
Interest payable and similar expenses	10	(997)	(1,099)
Loss before taxation		(3,207)	(8,645)
Tax on loss	11	(971)	108
Loss for the financial year		(4,178)	(8,537)

All results derive from continuing operations. None of the Group's activities were discontinued during the current year or previous period. There is no material difference between the loss before taxation and the loss for the period stated above and their historical cost equivalents.

The notes on pages 58 to 78 form part of these statements.

Consolidated Statement of Financial Position as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	13	81,716	87,659
Tangible assets	14	22,731	12,778
		104,447	100,437
Current assets			
Stocks	16	473	619
Debtors	17	85,042	88,262
Cash at bank and in hand		40,770	69,190
Total current assets		126,285	158,071
Creditors: amounts falling due within one year	18	(169,217)	(177,145)
Net current liabilities		(42,932)	(19,074)
Total assets less current liabilities		61,515	81,363
Creditors: amounts falling due after one year	19	(5,069)	(21,552)
Provisions for liabilities	20	(1,185)	(315)
Net assets		55,261	59,496
Capital and reserves			
Called up share capital	23	8	8
Share Premium Account	23	72,983	72,983
Other reserves		61	27
Retained earnings/ (deficit)		(17,791)	(13,522)
Total equity		55,261	59,496

The notes on pages 58 to 78 form part of these statements. The financial statements on pages 53 to 78 were approved by the Board on 12 May 2022 and were signed on its behalf by



Manoj Parmar
Director

Registered number: 11995959

Company Statement of Financial Position as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Investment in subsidiary undertakings	15	93,264	93,264
Current assets			
Debtors	17	42	739
Cash at bank and in hand		572	109
Total current assets		614	848
Creditors: amounts falling due within one year	18	(19,090)	-
Net current (liabilities)/assets		(18,476)	848
Creditors: amounts falling due after one year	19	(1,228)	(20,129)
Net assets		73,560	73,983
Capital and reserves			
Called up share capital	23	8	8
Share premium account	23	72,983	72,983
Other reserves		61	27
Retained earnings		508	965
Total equity		73,560	73,983

The notes on pages 58 to 78 form part of these statements

The financial statements on pages 53 to 78 were approved by the board on 12 May 2022 and were signed on its behalf by



Manoj Parmar
Director

Registered number: 11995959

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

	Called up share capital £'000	Share Premium £'000	Other reserves £'000	Retained earnings/ (deficit) £'000	Total equity £'000
At 1 January 2020	8	72,983	4	(4,985)	68,010
Share based payment	-	-	23	-	23
Total comprehensive expense for the year	-	-	-	(8,537)	(8,537)
At 31 December 2020	8	72,983	27	(13,522)	59,496
Share based payment	-	-	34	-	34
Purchase of own shares	-	-	-	(91)	(91)
Total comprehensive expense for the year	-	-	-	(4,178)	(4,178)
At 31 December 2021	8	72,983	61	(17,791)	55,261

Company Statement of Changes in Equity for the year ended 31 December 2021

	Called up share capital £'000	Share Premium £'000	Other reserves £'000	Retained earnings/ (deficit) £'000	Total equity £'000
At 1 January 2020	8	72,983	4	1,648	74,643
Share based payment	-	-	23	-	23
Total comprehensive expense for the year	-	-	-	(683)	(683)
At 31 December 2020	8	72,983	27	965	73,983
Share based payment	-	-	34	-	34
Purchase of own shares	-	-	-	(91)	(91)
Total comprehensive income for the year	-	-	-	(366)	(366)
At 31 December 2021	8	72,983	61	508	73,560

The notes on pages 58 to 78 form part of these statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2021

	Notes	2021 £'000	2020 (Restated) £'000
Cash from operating activities before exceptional items		16,424	35,143
Exceptional items		(4,000)	(1,351)
Net cash from operating activities	25	12,424	33,792
Taxation (paid)/ receipts		(135)	127
Net cash generated from operating activities		12,289	33,919
Cash flows from investing activities			
Purchase of subsidiary undertaking (net of acquired cash)		(5,725)	(3,444)
Purchases of intangible fixed assets		(427)	(227)
Purchases of tangible fixed assets		(13,133)	(2,501)
Proceeds from disposal of tangible fixed assets		23	2
Payment of deferred consideration		(2,501)	-
Interest received		-	5
Net cash flow from investing activities		(21,763)	(6,165)
Cash flows from financing activities			
Purchase of own shares		(91)	-
Repayment of obligation under finance leases		(54)	(23)
Repayment of loan		(17,804)	(9)
Interest paid and similar expenses		(997)	(1,099)
Net cash used from financing activities		(18,946)	(1,131)
Net (decrease)/increase in cash and cash equivalents		(28,420)	26,623
Cash and cash equivalents at beginning of year		69,190	42,567
Cash and cash equivalents		40,770	69,190
Cash and cash equivalents at end of year consist of:			
Cash at bank and in hand		40,770	69,190

The notes on pages 58 to 78 form part of these statements.

Notes to the Consolidated Financial Statements for the year ended 31 December 2021

1 General information

The principal activities of Whistl Consolidated Limited (formerly NNY 91 Limited) and its subsidiaries are mid-market multi-user warehouse fulfilment, business parcel brokerage, doordrop and e-commerce in-box sampling and Downstream Access Mail. Whistl Consolidated Limited (formerly NNY 91 Limited) is a private company limited by shares, domiciled and incorporated in England and Wales. The address of the registered office is Meridian House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1TB.

2 Statement of compliance

The Group and individual financial statements of the company have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to the year presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis and under the historical cost convention as modified by the recognition of certain fixed assets and liabilities measured at fair value.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 below.

These financial statements have been prepared under FRS 102 and are presented in Sterling (£).

Going Concern

The directors have prepared cash flow forecasts for the Group from the date of approval of the 2021 financial statements through to 31 May 2023 ("the going concern period"). These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future cash flow performance. The forecasts have been reverse stress tested by considering the impact of a sudden and significant reduction in revenue and profitability. In both the forecasts and the reverse stress tested scenarios the Group and the Company will have sufficient cash and existing borrowing facilities to continue in operation.

In assessing whether the going concern basis is appropriate the directors have taken account of all available information about the future up to and including 31 May 2023, which is at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Basis of consolidation

The Group financial statements include the results of the company and all of its subsidiary undertakings. Uniform accounting policies are applied throughout the Group and intra-group transaction and balances are eliminated on consolidation.

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment in accordance with FRS 102.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for delivery services provided in the normal course of business, net of discounts, rebates and Value Added Tax. Sales are recognised only on the passing over of Downstream Access Mail to Royal Mail and other carriers for final distribution.

Agency revenue is recognised where the company enters into an agency agreement relationship, only the Whistl component of services provided is recognised as revenue and not the amounts collected on behalf of the principal.

Unaddressed Mail revenue is derived from client specific contractual arrangements, for delivery of marketing material and/or market research across a variety of distribution networks. Invoiced amounts, exclusive of Value Added Tax, are recognised within the profit and loss account in the month of delivery.

Fulfilment turnover comprises revenue recognised by the company in respect of services supplied during the period, exclusive of value added tax and net of trade discounts. Service revenue is recognised once the company has performed its service to the client.

Revenue recognised but not billed for services delivered during the financial year has been recognised as accrued income in the statement of financial position.

Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired. Purchase goodwill is amortised over its expected useful life, management have estimated the useful life of the purchased goodwill to be 10 years.

Where the cost of the business combination does not exceeds the fair value of the Group's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. The Group, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the balance sheet and releases this to profit and loss, up to the fair value of non-monetary assets acquired, over the years in which the non-monetary assets are recovered and any excess over the fair value of non-monetary assets in the income statement over the period expected to benefit.

Goodwill is assessed annually for impairment and when there are indicators of impairment and any impairment is charged to the income statement.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to allocate the cost of intangibles less their residual values over their estimated useful lives. The intangible assets are amortised over the following useful economic lives:

Computer software/IT infrastructure	- 3 to 5 years straight line
Purchased goodwill	- 10 years straight line

Assets under construction, which consist of computer software under development and are not depreciated. The expected useful lives of the assets are reassessed periodically in the light of the experience.

Tangible Fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for intended use. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Long leasehold property	- Over term of lease
Plant and machinery	- 3 to 10 years straight line
Fixtures and fittings	- 3 years straight line
Computer equipment	- 3 years straight line
Motor vehicles	- 25% reducing balance

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 (continued)

Assets under construction, which consist of plant and machinery are included in the category of tangible assets at cost and are not depreciated.

Fixed asset investments – subsidiary undertakings

Investments are stated at the cost of the shares plus all other associated costs less any provision for impairment. Investments are reviewed annually and impairments are assessed if the investment's carrying value is greater than the recoverable amount.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. The carrying value of intangible and tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads. At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in statement of comprehensive income.

Financial instruments

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

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and amounts owed by Group undertakings, 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 a market rate of interest.

At the end of each reporting period financial assets are measured at amortised cost, net of any allowance for impairment in relation to irrecoverable amounts. The impairment is recognised in the profit and loss.

Financial liabilities

Basic financial liabilities, including trade and other payables and amounts owed to Group undertakings, 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 payments discounted at a market rate of interest.

Trade payables represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other payables and amounts owed to Group undertakings are not interest bearing and are recognised at carrying amount which is deemed to be a reasonable approximate to their fair value.

At the end of each reporting period financial liabilities are measured at amortised cost using the effective interest method.

Impairment of Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Provisions

Provisions are recognised when the company and Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used.

Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date. The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is recognised for the amount of tax payable/(recoverable) in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax assets are recognised to the extent that it is probable that they will be recovered. This requires judgements to be made in respect of the forecast of future taxable income.

A deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan.

The Group recognises an accrual for annual leave accrued by employees as a result of services rendered in the current year, and which employees are entitled to carry forward and use within the next 12 months. The accrual is measured at the salary cost.

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 (continued)

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the statement of comprehensive income.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Exceptional items

The Group classifies certain one-off charges or credits that are unusual or have a material impact on the Group's financial results as 'exceptional items'. Exceptional items as costs incurred by the Group include gains and losses on disposal of significant assets, integration and reorganisation, non-recurring business restructuring, capital restructuring and mergers and acquisition activity related costs. These are disclosed separately to provide further understanding of the financial performance of the Group.

Related party disclosures

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

Grants

Grants are included within accruals in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

Share based payments

The company operates a growth share incentive arrangement under which employees selected by the Remuneration Committee of the company are issued Ordinary Shares.

Share capital

Ordinary shares are classified as equity.

Own shares

Own shares consist of treasury shares and are recognised at cost as a deduction from shareholders' equity. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sale proceeds from the original cost being taken to retained earnings. No gain or loss is recognised in the performance statements on transactions in treasury shares.

Priority dividend

Future potential dividend payments to A ordinary shareholders have been recorded at fair value based on the probability of dividend payments becoming due in the future. The fair value is based on the probability of a liquidity event occurring at various future dates and a weighted average dividend payment thereafter calculated, discounted to present value using a cost of capital. The probability attached to the timing of a liquidity event and the ensuing change to the fair value of the dividend payments will be reassessed each year, with an ensuing adjustment to the fair value.

Classification of Compound Financial Instrument

When financial instruments are issued, any component that creates a financial liability of the company is presented as a liability in the Statement of Financial Position, measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature. The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years. Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

Going Concern

The financial statements have been prepared on the going concern basis, which assumes the Group will have sufficient funds available to enable it to continue to trade for the foreseeable future. Please refer to note 3 under basis of preparation on page 58 for more details on the judgements involved.

Provisions

Provision is made for impairment of fixed assets. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement. The adequacy of provisions is reviewed monthly.

Goodwill

The Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable values is required. This requires estimation of the future cashflows and also selection of appropriate discount rates in order to calculate the net present value of those cashflows.

Impairment of trade debtors

The Group makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 17 for the net carrying amount of the debtors and the associated impairment provision.

Deferred Tax

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the net effect of future tax planning strategies.

Accounting for Business combinations

The group has accounted for the transaction using the acquisition method of accounting, the fair value of the identifiable assets acquired and liabilities at the year-end date are not materially different from their net book value at the date of acquisition. The estimation of the deferred consideration payable to shareholders of the businesses acquired during the financial period required estimation of the future levels of profitability over a number of years.

5 Turnover

The Group's turnover is derived from the provision of delivery and fulfilment services within the UK. The turnover and profit before tax are attributable to the principal activity of the company. An analysis of turnover is given below:

	2021 £'000	2020 £'000
Mail, Parcels and International (letters and parcels of various sizes)	700,484	565,063
Fulfilment	80,280	56,588
E-Commerce Marketing	42,480	32,635
	823,244	654,286

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 (continued)

6 Operating loss

Operating loss is stated after charging/(crediting):

	2021 £'000	2020 £'000
Amortisation of goodwill	10,260	9,685
Amortisation of intangible fixed assets	603	967
Depreciation of tangible fixed assets	2,939	2,614
Loss/(profit) from the disposal of tangible fixed assets	218	(1)
Impairment of trade debtors	243	715
Exceptional costs**	4,000	1,351
Grant income	(256)	(256)
Auditor's remuneration		
- as auditor	295	275
- other non-audit related services	29	15
Net loss on foreign currency translation	3	36
Operating lease charges:		
- Plant and machinery	6,005	5,725
- Other	9,176	7,068

** Exceptional costs of £4.0m were incurred in 2021, which included one-off start-up and double running costs incurred in the year of £2.8m in relation to the new warehouse/depot facility in Lutterworth and Northampton. Other exceptional costs of £0.5m related to depot reorganisation and management restructure and £1.7m of advisory costs, offset by a credit of £1.0m being non-recurring income received from a landlord.

Exceptional costs of £1.3m were incurred in 2020 in relation to restructuring in response to Covid-19 and an onerous lease for unutilised office accommodation.

7 Employee information

The average monthly number of staff (including Executive Directors) employed by the Group during the year amounted to:

	2021 Number	2020 Number
Sales, management, finance and administration	579	478
Operations	1,952	1,778
	2,531	2,256

The aggregate payroll costs of the above were:

	2021 £'000	2020 £'000
Wages and salaries	66,136	52,246
Social security costs	5,951	4,867
Other pension costs (note 26)	1,979	1,723
	74,066	58,836

8 Directors' emoluments

The Directors' aggregate emoluments in respect of qualifying services were:

	2021 £'000	2020 £'000
Aggregate emoluments	875	834
Value of Group pension contributions to money purchase schemes	3	2
	878	836

Emoluments of highest paid Director:

	2021 £'000	2020 £'000
Aggregate emoluments	361	364
Value of Group pension contributions to money purchase schemes	-	-
	361	364

The number of Directors who accrued benefits under Group pension schemes was as follows:

	2021 Number	2020 Number
Money purchase schemes	1	1

The Statutory Directors are considered to be the key management personnel of the company. The directors' aggregate emoluments in respect of qualifying services for the year are recharged to Group companies.

9 Interest receivable and similar income

	2021 £'000	2020 £'000
Bank interest	-	5

10 Interest payable and similar expenses

	2021 £'000	2020 £'000
Bank interest and similar expenses	566	782
Other interest	421	285
Finance leases	9	1
Interest on overdue tax	1	31
	997	1,099

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 (continued)

11 Tax on loss

The tax charge/(credit) is based on the loss for the year and represents:

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on loss for the year at 19.0% (2020:19.0%)	(111)	213
Adjustment in respect of prior periods	(32)	(265)
Total current tax credit	(143)	(52)
Deferred tax (note 21)		
Origination and reversal of timing differences	1,825	157
Rate changes	(712)	(106)
Adjustment in respect of prior periods	1	(107)
Total tax charge/(credit) for the year	971	(108)

The tax charge (2020: credit) on the loss for the year is higher (2020: lower) than the standard rate of corporation tax in the UK of 19.0%.The differences are explained below.

	2021 £'000	2020 £'000
Loss on ordinary activities before taxation	(3,207)	(8,645)
Loss for the year multiplied by 19.0%	(609)	(1,643)
Items not deductible for tax purposes	1,607	2,034
Accelerated capital allowances	825	(8)
Adjustment in respect of prior periods	(31)	(372)
Rate changes	(712)	(106)
Other timing differences	(109)	(13)
Total tax charge/(credit) for the year	971	(108)

In the Spring Budget 2021, the UK Government announced that the main corporation tax rate would increase from 19.0% to 25.0% (effective 1 April 2023). This will increase the Group's future current tax charge accordingly.

12 Profit and loss account of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's retained loss for the year was £366,000 (2020: loss £683,000).

13 Intangible fixed assets – Group

	Purchased Goodwill £'000	Computer software/IT infrastructure £'000	Assets under construction £'000	Total £'000
Cost				
At 1 January 2021	100,552	2,858	172	103,582
Acquisitions through business combinations	4,493	-	-	4,493
Disposals	-	(490)	-	(490)
Additions	-	106	321	427
Transfer	-	274	(274)	-
At 31 December 2021	105,045	2,748	219	108,012
Amortisation				
At 1 January 2021	14,310	1,613	-	15,923
Disposals	-	(490)	-	(490)
Amortisation	10,260	603	-	10,863
At 31 December 2021	24,570	1,726	-	26,296

Net Book Value

At 31 December 2021	80,475	1,022	219	81,716
At 31 December 2020	86,242	1,245	172	87,659

Purchased goodwill arose on the acquisitions set out in note 31 and is being amortised on a straight line basis over a period of 10 years which is equal to the period over which the related non-monetary assets of the acquired business are being amortised.

14 Tangible fixed assets – Group

	Long Leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2021	2,492	12,424	618	1,121	136	16,791
Disposals	(279)	(145)	(45)	(5)	(41)	(515)
Additions	804	11,641	93	595	-	13,133
Transfer	673	(1,220)	32	515	-	-
At 31 December 2021	3,690	22,700	698	2,226	95	29,409
Depreciation						
At 1 January 2021	317	2,812	367	444	73	4,013
Disposals	(56)	(145)	(45)	(5)	(23)	(274)
Depreciation	448	1,795	169	499	28	2,939
At 31 December 2021	709	4,462	491	938	78	6,678

Net Book Value

At 31 December 2021	2,981	18,238	207	1,288	17	22,731
At 31 December 2020	2,175	9,612	251	677	63	12,778

Assets under construction of £1,642,000 (2020:£183,000) are included in Plant and machinery.

The net carrying amount of assets held under finance leases included in Plant and machinery amounted to £122,000 (2020: £169,000) and Motor vehicles of £16,000 (2020: £43,000).

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 (continued)

15 Investments in Subsidiary undertakings – Company

Cost	2021 £'000
At 1 January 2021 & 31 December 2021	93,264
Net book value	-
31 December 2021	93,264
31 December 2020	93,264

At 31 December 2021 the company had a majority shareholding in the following entities:

Undertaking	Country of incorporation	Activity	Proportion of Ordinary shares held (%)
Whistl Group Holdings Limited	UK*	Holding Company	100

* Registered office at Meridian House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1TB.

The Directors consider that the value of the investments to be supported by their underlying assets, projections and prospects for the business.

See Note 32 for details of all undertakings held by Whistl Group Holdings Limited.

16 Stocks – Group

	2021 £'000	2020 £'000
Finished goods and goods for resale	473	619

There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying amounts. Stock recognised as expenses during the period amounted to £5,337,000 (2020: £5,840,00).

17 Debtors

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade debtors	66,431	69,276	-	-
Amounts owed by Group undertakings	-	-	-	558
Deferred Tax (note 21)	1,161	2,274	-	-
Corporation tax receivable	-	-	41	158
Other debtors	498	400	-	-
Prepayments and accrued income	16,952	16,312	1	23
	85,042	88,262	42	739

Amounts owed by Group undertakings relating to intra group trading are unsecured, interest free and repayable on demand. An impairment provision of £756,000 (2020: £637,000) was recognised against trade debtors.

Group deferred tax includes £893,000 (2020: £1,722,000) falling due after more than one year.

18 Creditors: amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade creditors	60,508	42,332	-	-
Amounts owed to group undertakings	-	-	19,090	-
Finance leases (note 22)	43	54	-	-
Corporation tax	127	131	-	-
Taxation and social security	26,837	48,901	-	-
Other creditors	3,093	4,169	-	-
Accruals and deferred income	78,609	81,558	-	-
	169,217	177,145	19,090	-

Other creditors includes deferred consideration of £1,160,000 (2020: £2,304,000) for future amounts payable on acquisitions (see note 31).

Net obligations under finance leases are secured by fixed charges against the assets they relate.

19 Creditors: amounts falling due after one year

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Term loan (note 22)	-	17,804	-	17,804
Compound financial instrument/liability	1,228	2,325	1,228	2,325
Finance leases (note 22)	23	66	-	-
Other creditors	320	1,357	-	-
Accruals and deferred income	3,498	-	-	-
	5,069	21,552	1,228	20,129

The future priority dividend creates a financial liability which is presented as a compound financial instrument and has been recognised based on the probability of dividend payments becoming due in the future, the fair value of the dividend being £1,228,000 (2020: £2,325,000), measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. Other creditors include Enil (2020: £1,357,000) relating to deferred consideration for future amounts payable on acquisitions in the acquired Group (see note 31).

20 Provisions for liabilities – Group

	Onerous Provision £'000	Total £'000
At 1 January 2021	315	315
Additions in the year	870	870
At 31 December 2021	1,185	1,185

The onerous provision relates to office accommodation liability. The provision is expected to be utilised over the period to 2030.

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 (continued)

21 Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Included in debtors (note 17)	1,161	2,274	-	-

The movement in the deferred taxation account during the year was:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
At 1 January	2,274	2,358	-	-
Profit and loss account movement arising during the period	(1,826)	(50)	-	-
Acquisitions through business combinations	1	(107)	-	-
Recognition/ (utilisation) of tax losses	-	(33)	-	-
Changes in tax rate	712	106	-	-
At 31 December	1,161	2,274	-	-

Expected net reversal of deferred tax assets and liabilities during 2021:

	Group £'000	Company £'000
At 31 December 2021	1,161	-
Profit and loss account movement expected during the period	(268)	-
At 31 December 2022	893	-

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Capital allowances in excess of depreciation	(2,878)	(136)	-	-
Tax losses	4,013	2,394	-	-
Short term timing differences	26	16	-	-
At 31 December	1,161	2,274	-	-

The Group recognised a net deferred tax asset of £1,161,000 (2020: £2,274,000) relating to reversal of existing differences on tangible fixed assets and corporation tax losses carried forward at 31 December 2021. Management believe that the company will generate sufficient future profits in order to support the recognition of the deferred tax asset.

The company had no deferred tax provision at 31 December 2021 and 31 December 2020.

22 Loans and other borrowings

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Term Loan	-	17,804	-	17,804
Finance leases	66	120	-	-
	66	17,924	-	17,804

Term Loan: The Company had a term loan with HSBC secured by a fixed and floating charge over the Group was fully settled during the year.

Finance leases:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Future Payments due:				
Within one year	49	63	-	-
Within two and five years	21	70	-	-
Total gross payments	70	133	-	-
Less: finance charges	(4)	(13)	-	-
Carrying value of liability	66	120	-	-

Net obligations under finance leases are secured by fixed charges against the assets they relate.

23 Called up share capital and other reserves – Group and Company

Share capital - allotted and fully paid in 2021:

	Number	Share Capital £	Share Premium £	Total consideration received £
A Ordinary shares of £0.0001 each	15,000,000	1,500	14,998,500	15,000,000
B Ordinary shares of £0.0001 each	30,886,695	3,089	30,883,606	30,886,695
C Ordinary shares of £0.0001 each	7,286,920	729	7,286,191	7,286,920
D Ordinary shares of £0.0001 each	9,962,661	996	12,825,389	12,826,385
E Ordinary shares of £0.0001 each	9,000,000	900	8,999,100	9,000,000
F Ordinary shares of £0.0001 each	5,988,724	599	-	-
Reclassification of shares as debt (Note 19)	-	-	(2,009,381)	-
	78,125,000	7,813	72,983,405	75,000,000

The share premium account contains the premium arising on issue of equity shares. The company issued share capital during the year as presented below;

Date	A Ordinary Shares Number	B Ordinary Shares Number	C Ordinary Shares Number	D Ordinary Shares Number	E Ordinary Shares Number	F Ordinary Shares Number	Total £
As at 1 January 2021	15,000,000	30,886,695	7,286,920	10,720,656	9,000,000	5,230,729	78,125,000
Transfer	-	-	-	(757,995)	-	757,995	-
As at 31 December 2021	15,000,000	30,886,695	7,286,920	9,962,661	9,000,000	5,988,724	78,125,000

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 (continued)

23 Called up share capital and other reserves – Group and Company (continued)

Share capital – allotted and fully paid in 2021:

The company purchased/ (issued) its own shares during the year as follows:

Date	Ordinary Shares Number	Ordinary Shares Number	Ordinary Shares Number	Ordinary Shares Number	Ordinary Shares Number	Ordinary Shares Number	Total Consideration £
Shares held in Treasury as at 1 January 2021	-	-	-	192,953	-	-	19
10 May 2021	-	-	-	423,782	-	-	90,900
23 June 2021	-	-	-	141,260	-	-	-
15 July 2021	-	-	-	-	-	(390,625)	-
28 July 2021	-	-	-	-	-	(156,250)	-
13 December 2021	-	-	-	-	-	(211,120)	-
Transfer	-	-	-	(757,995)	-	757,995	-
As at 31 December 2021	-	-	-	-	-	-	90,919

Share capital – allotted and fully paid in 2020:

	Number	Share Capital £	Share Premium £	Total consideration received £
A Ordinary shares of £0.0001 each	15,000,000	1,500	14,998,500	15,000,000
B Ordinary shares of £0.0001 each	30,886,695	3,089	30,883,606	30,886,695
C Ordinary shares of £0.0001 each	7,286,920	729	7,286,191	7,286,920
D Ordinary shares of £0.0001 each	10,720,656	1,072	12,825,313	12,826,385
E Ordinary shares of £0.0001 each	9,000,000	900	8,999,100	9,000,000
F Ordinary shares of £0.0001 each	5,230,729	523	-	-
Reclassification of shares as debt (Note 19)	-	-	(2,009,381)	-
	78,125,000	7,813	72,983,329	75,000,000

The share premium account contains the premium arising on issue of equity shares.

The rights attaching to the respective classes of shares are as follows:

Voting

Holders of A, B, C and E Ordinary Shares have the right to receive notice of, attend, vote, speak at any general meeting and vote on any written resolution of the Company. D and F Ordinary Shares do not confer any voting rights on their holders.

Dividends

Holders of A Ordinary Shares are entitled to receive the Priority Dividends in accordance with the Articles of Association of the Company. Any additional profits of the Company resolved to be distributed in any financial period are divided between holders of A, B, C, D, E and F Ordinary Shares equally as if they constituted a single class of shares.

Distributions of capital

On a return of capital where the capital to be returned exceeds the A Ordinary Threshold, (i) the amount of capital up to, and including, £75 million will be distributed amongst holders of A, B, C, D and E Ordinary Shares equally as if they constituted one and the same class of share, and (ii) the capital in excess of £75 million will be distributed amongst holders of A, B, C, D, E and F Ordinary Shares equally as if they constituted one and the same class of share.

On a return of capital where the capital to be returned is the same as, or less than, the A Ordinary Threshold, the capital will be distributed (i) as to the amount which is up to the value of the A Shareholder Minimum Return, to the holders of A Ordinary Shares, (ii) as to the amount which is in excess of the value of the A Shareholder Minimum Return but does not exceed £75 million, equally between the holders of B, C, D and E Ordinary Shares, and (iii) as to the amount which is in excess of £75 million, equally between the holders of B, C, D, E and F Ordinary Shares.

24 Share Based payments

Growth Shares

The company operates a growth share incentive arrangement under which employees selected by the Remuneration Committee of the company are issued F Ordinary Shares of £0.0001 each.

The company has issued F Ordinary shares to certain employees by way of gift. The fair value of these has been estimated at £27,000 (2020: £101,000) and a charge of £34,000 (2020: £23,000) has been made to the statement of comprehensive income in the year.

The fair value of the share is based on an externally obtained tax valuation per share of £0.035 (2020: £0.035) and an expected time frame from issue of share to exit of 10 years.

25 Notes to consolidated statement of cash flows

	2021 £'000	2020 £'000
Loss for the year before exceptional items	(178)	(7,186)
Exceptional items	(4,000)	(1,351)
Loss for the financial year	(4,178)	(8,537)
Adjustments for:		
Tax on loss	971	(108)
Net interest expense	997	1,094
Operating loss	(2,210)	(7,551)
Amortisation of purchased goodwill	10,260	9,685
Amortisation of intangible fixed assets	603	967
Depreciation of tangible fixed assets	2,939	2,614
Loss/(profit) on disposal of tangible fixed assets	218	(1)
Government grants	(256)	(256)
Payment of deferred consideration	-	(1,089)
Equity settled share based payment expense	34	23
Working capital movements:		
- Decrease in stocks	146	(86)
- Decrease/(Increase) in debtors	5,841	(4,895)
- (Decrease)Increase in payables	(5,151)	34,381
Cash from operating operations	12,424	33,792

	At 1 Jan 2021 £'000	Acquisition £'000	Cash flows in the year £'000	At 31 Dec 2021 £'000
Analysis of changes in net cash:				
Cash at bank and in hand	69,190	244	(28,664)	40,770

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 (continued)

26 Pension costs

The Group operates one defined contribution pension scheme. The assets of the scheme are held separately from the company in an independently administered fund. The pension cost charges represent contributions payable by the Group to the fund and amounted to £1,979,000 (2020: £1,723,000).

There were £163,000 accrued pension contributions at 31 December 2021 (2020: £168,000).

27 Guarantees

The Group is subject to a multilateral guarantee by other Group entities. The Group can draw on a fully committed £75m (2020: £75m) facility provided by HSBC which includes a supplier guarantee facility of £29m. An additional £3m supplier guarantee has been provided by another Group company, Whistl Group Holdings Limited. HSBC has a fixed and floating charge over the Group's assets

28 Related party transactions

Sales and purchases in the year and amounts due to/by Whistl Consolidated Limited (formerly NNY 91 Limited) as at 31 December 2021 to related parties/undertakings are disclosed below:

	Purchase/ recharges to Whistl Group 2021 £'000	Amounts due by Whistl Group 2021 £'000	Purchase/ recharges to Whistl Group 2020 £'000	Amounts due by Whistl Group 2020 £'000
Business Growth Fund (BGF)	78	-	76	-
PostNL Data Solutions B.V.	236	87	82	60
Prime Vision B.V.	44	44	-	-
	358	131	158	60

The Group has a trading relationship with Lifecycle Marketing (Mother and Baby) Limited in which Nick Wells was a Director. The revenue from transactions with the company for the year ended 31 December 2021 amounted to £1,115,000 (2020: £911,000) with an amount of £225,000 (2020: £276,000) due to the Group at the year-end.

The Group also has a trading relationship with P2G.Com Worldwide Limited in which James Greenbury is a director. The revenue from transactions with the company for the year ended 31 December 2021 amounted to £758,000 (2020: £737,000) with an amount of £19,000 (2020: £56,000) due to the Group at the year-end. The expenditure incurred with the company by the Group for the year ended 31 December 2021 amounted to £nil (2020: £21,000) with an amount of £nil (2020: £5,000) due to P2G.Com Worldwide Limited by the Group at the year-end.

All transactions were undertaken at arms' length and on normal commercial terms.

29 Financial Commitments: Group

At 31 December, the Group had total future minimum lease payments under non-cancellable operating leases relating to building leases and plant & machinery, which fall due as follows:

	2021 £'000	2020 £'000
Within one year	14,301	11,235
Within two and five years	50,064	43,136
Over five years	16,329	19,726
	80,694	74,097

30 Financial instruments

The Group has the following financial instruments:

	2021 £'000	2020 £'000
Financial assets at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost:		
- Trade debtors (note 17)	66,431	69,276
- Other debtors (note 17)	498	400
	66,929	69,676
Financial assets that are equity instruments measured at cost less impairment.	-	-
Financial liabilities measured at amortised cost:	-	-
Financial liabilities measured at amortised cost:		
- Trade creditors (note 18)	(60,508)	(42,332)
- Term loan (note 19)	-	(17,804)
- Other creditors (note 18 & 19)	(3,413)	(5,526)
- Compound financial instrument (note 19)	(1,228)	(2,325)
- Finance leases (note 18 & 19)	(66)	(120)
	(65,215)	(68,107)

The company has the following financial instruments:

	2021 £'000	2020 £'000
Financial assets at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost:		
- Amounts owed by Group undertakings (note 17)	-	558
	-	558
Financial assets that are equity instruments measured at cost less impairment.	-	-
Financial liabilities measured at amortised cost:		
- Term loan (note 19)	-	(17,804)
- Amounts owed to Group undertakings (note 19)	(19,090)	-
- Compound financial instrument (note 19)	(1,228)	(2,325)
	(20,318)	(20,129)

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 (continued)

31 Business Combinations

Acquisitions in 2021

On 4 November 2021, the company acquired 100% of the share capital of Relish Agency Limited. The primary activity of the company is E-Commerce Marketing (Brand partnership and sampling). The fair value of consideration was £5,969,000 including acquisition related costs. Management have estimated the useful life of the goodwill to be 10 years.

The following table sets out the book values of the identifiable assets and liabilities acquired by the company.

Recognised amounts of identifiable assets acquired and liabilities:

	Book value £'000	Adjustment £'000	Provisional Fair value £'000
Trade receivables	3,184	-	3,184
Prepayments/Other debtors	550	-	550
Cash at bank	244	-	244
Trade payable	(934)	-	(934)
Other creditors	(381)	-	(381)
Accruals and deferred income	(914)	-	(914)
Corporation tax	(274)	-	(274)
Deferred tax	1	-	1
Total identifiable net assets	1,476	-	1,476
Goodwill			4,493
			5,969
Satisfied by:			
Cash consideration			5,814
Acquisition costs			155
			5,969

Acquisitions in 2021

In the year ended 31 December 2021, revenue of £577,000 and a loss before tax of £126,000 were included in the consolidation income statement in respect of Relish Agency Limited since the acquisition date.

Acquisitions in 2020

On 25 November 2020, the company acquired 100% of the share capital Whistl Fulfilment (Southwest) Limited (formerly Clientbase Fulfilment Limited). The primary activity of the trading entities is that of fulfilment, call centre services providing procurement, warehousing & distribution facilities. The fair value of consideration was £6,821,000 including acquisition related costs.

Management have estimated the useful life of the goodwill to be 10 years.

In the year ended 31 December 2021, revenue of £16,030,000 (2020: £2,556,000) and a profit before tax of £ 925,000 (2020: loss £67,000) were included in the consolidation income statement in respect of Whistl Fulfilment (Southwest) Limited (formerly Clientbase Fulfilment Limited).

As at 31 December 2021, deferred consideration is payable based on the EBIT calculations for the years ending 31 December 2020 and 31 December 2021 for Whistl Fulfilment (Southwest) Limited (formerly Clientbase Fulfilment Limited), the total amounts remaining payable are estimated at £1,160,000 (2020: £2,672,000). The amount recognised in the business combination is based on management's expectation and future forecasts of the EBIT performance for Whistl Fulfilment (Southwest) Limited (formerly Clientbase Fulfilment Limited), as at 31 December 2021.

Acquisitions in 2019

On 21 June 2019, Whistl Consolidated Limited (formerly NNY91 Limited) acquired the entire share capital of Whistl Group Holdings Limited and its subsidiary undertakings. The fair value of consideration was £93,297,000 including acquisition related costs. Management have estimated the useful life of the goodwill to be 10 years.

32 Subsidiaries and related undertakings

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are as follows:

Name	Country of incorporation	Activity	Proportion of Ordinary shares held (%)	Immediate direct parent undertaking
Whistl Group Holdings Limited	UK *	Holding company	100	Whistl Consolidated Limited (formerly NNY 91 Limited)
Whistl Limited ^	UK *	Holding company	100	Whistl Group Holdings Limited
Whistl Group Limited ^	UK *	Holding company	100	Whistl Limited
Whistl UK Limited ^	UK *	Trading parent company Addressed Downstream Access	100	Whistl Group Ltd
Whistl North Limited ^ =	UK *	Dormant	100	Whistl UK Limited
Whistl Scotland Limited ^ =	UK *	Dormant	100	Whistl UK Limited
Whistl South West Limited ^ =	UK *	Dormant	100	Whistl UK Limited
Whistl Midlands Limited ^ =	UK *	Dormant	100	Whistl UK Limited
Whistl London Limited ^ =	UK *	Dormant	100	Whistl UK Limited
Whistl Marketing Service Group Ltd ^	UK *	Holding company - non trading	100	Whistl Group Ltd
Whistl (Doordrop Media) Limited ^	UK *	Trading - Unaddressed Mail	100	Whistl Marketing Service Group Ltd
Whistl Fulfilment Limited ^	UK *	Holding Company	100	Whistl UK Limited
Whistl Fulfilment (Rushden) Limited ^	UK *	Ecommerce fulfilment & contact centre services	100	Whistl Fulfilment Limited
Whistl Fulfilment (Farnborough) Limited ^	UK *	Ecommerce fulfilment & contact centre services	100	Whistl Fulfilment Limited
Parcelhub Limited ^	UK *	Parcel and delivery solutions	100	Whistl UK Limited
Mail Workshop Limited ^	UK *	Dormant	100	Whistl UK Limited
Whistl Ecommerce Group Limited ^	UK *	Holding Company	100	Whistl UK Limited
Whistl Fulfilment (Gateshead) Limited ^	UK *	Ecommerce fulfilment & contact centre services	100	Whistl Ecommerce Group Ltd
Spark Etail Limited ^	UK *	Trading of organic and ethically sourced products	100	Whistl Ecommerce Group Ltd
Whistl Fulfilment (Southwest) Limited (formerly Clientbase Fulfilment Limited) ^	UK *	Ecommerce fulfilment & contact centre services	100	Whistl UK Limited
Relish Agency Limited + ^	UK *	Ecommerce Marketing (brand partnership & sampling)	100	Whistl UK Limited

* All the above subsidiaries are included in the consolidation, registered office at Meridian House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1TB

^ Entities are indirectly held
= Entity exempt from audit
+ Entity acquired during the financial period ended 31 December 2021.

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 (continued)

33 Ultimate controlling party

While no single shareholder has absolute control over the financial and operating policies of the Group, shareholder BGF has significant influence over the composition of the board of directors, the decision-making in the Company and the operational and financial levers of Whistl.

These financial statements are available from the registered office at Meridian House, Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1TB.

Directors and advisors

for the year ended 31 December 2021

Directors

N Wells
A Cochrane
N Polglass
M Parmar
J Greenbury
M Nunny
P Berendsen

Company secretary

J Evans

Registered office

Meridian House
Fieldhouse Lane
Marlow
Buckinghamshire
SL7 1TB

Independent auditor

Ernst & Young LLP
R+ 2 Blagrove Street
Reading
RG1 1AZ

Banker

HSBC Bank Plc
26 Broad Street
Reading
Berkshire
RG1 2BU

Solicitor

Field Seymour Parkes
1 London Street
Reading
Berkshire
RG1 4PN

Glossary of terms

Agency customer	Whistl collects and sorts mail for a customer that also use Whistl as its agent to secure a direct Downstream Access Agreement with Royal Mail
BEIS	Department for Business, Energy & Industrial Strategy
BGF	Business Growth Fund
CDP	Carbon Disclosure Project
CMS	Carrier Management System
DDM	Doordrop Media, the in-home advertising division of Whistl
Direct Access customer	Large mailers have a direct Downstream Access agreement with Royal Mail and use a third party to collect and inject the pre-sorted mail into Royal Mail for final mile delivery
Downstream	Mail and parcels that are injected directly into Royal Mail for sortation and final delivery
DSA	Downstream Access Agreement allowing competitors to inject mail into Royal Mail for delivery to the household
EBIT	Operating profit before interest and tax
EBITDA	Operating profit before interest, tax and exceptional items adjusted for the depreciation and amortisation charge for the year
EDI	Equality, diversity and inclusion
HMRC	HM Revenue & Customs
IIP	Investors in People
ISO	International Standards Organisation
JICMAIL	Joint Industry Committee for Mail, providing audience measurement data for advertising mail and door drops
Leafletdrop	Whistl online tool to create, print and book a leaflet distribution in one place
LEAP	Whistl career and development programme
Ofcom	Office for Communications, the Postal Regulator
OMS	Order Management System
Partially Addressed Mail	Advertising mail that does not use personal data
RIDDORS	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
Royal Mail	UK National Postal Operator
SMEs	Small and medium-sized enterprises
TMS	Transport Management System
UKP	Whistl customs clearance partner
Upstream	Collection of mail from a client and sorted, ready for injection into Royal Mail

Whistl Consolidated Limited

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United Kingdom

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