WHISTL CONSOLIDATED LIMITED

Annual Report 2022


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Whistl Consolidated Limited
Consolidated financial statements for the year ended 31 December 2022. Registered number: 11995959 (England and Wales)

Executive Chairman's Statement

In 2022 we remained resilient in face of the economic challenges and in 2023, we remain confident we will grow and improve the operational efficiency and overall profitability of the Group.

Nick Wells
Executive Chairman

Our Mail business performed well in 2022 with new customers won and significant volume retention, despite the impact of Royal Mail industrial action.

Welcome to our annual report covering 2022. There is no doubt that many businesses have faced a tough trading environment throughout the year.

The challenges we faced in 2022 were universal, including the post pandemic correction in e-commerce growth; inflationary pressure on costs; rising fuel prices; and economic uncertainty. There were continuing Covid restrictions on Chinese manufacturers, supply chain disruption across the globe and the impact of the war in Ukraine.

As a company that is impacted by variations in marketing and discretionary consumer spend our 2022 turnover declined by £53.1m to £770.1m and EBITDA before exceptional items went down from £15.6m to £7.2m. This reflects mainly the impact of these economic headwinds, plus the fact that 2021 comparatives are challenging given it was an exceptional trading year.

Our diversified and portfolio-based business remained resilient. The Whistl Group strategy with four complementary divisions is unchanged with the "core" businesses of DSA Mail and Doordrop delivering market share gain and the Parcels and E-commerce Fulfilment businesses looking for revenue growth. This comes from: our strong relationships with customers; our investment in our employees; and our commitment to be a sustainable operator in the communities of which we are part.

Our Mail business performed well in 2022 with new customers won and significant volume retention, despite the impact of Royal Mail industrial action. Although parcel volumes fell, reflecting the overall parcel market, we saw a move towards higher margin tracked services as the price differential with untracked continued to close.

E-commerce Marketing which is exposed to consumer behaviour faced challenges as consumers reduced spend due to the perceived threat of recession and cost of living squeeze. International volumes were impacted by continuing global disruption in ports, inflated costs of containerisation and supply chain issues.

In our Fulfilment division, we processed fewer items as part of the post pandemic recalibration of online consumer spend. Also, our customers had difficulty forecasting demand which impacted on our ability to manage costs and efficiency. A new management team is now in place in the Fulfilment division which will have a positive impact on the performance in that division.

We continued to look for operational efficiency opportunities and invested in initiatives including a new Transport Management System and recruitment and training to reduce our reliance on agency workers.

Investment in our colleagues was ongoing with training available for every employee. We launched new programmes such as the Sortation Apprenticeship, ensuring that every person's skill and career were enhanced.

We remain committed to operate sustainably and act to reduce the adverse effects on the environment. During the year we began developing our road map to meet UK Government mandatory targets and expected best practice.

Nick Wells
Executive Chairman
25 May 2023

Strategic Report

Our Business Areas

Revenue £m

Downstream Access Mail -£18.5m

2022	£482.8m
2021	£501.3m

Parcels -£29.8m

2022	£137.6m
2021	£167.4m

International -£3.6m

2022	£28.1m
2021	£31.7m

Fulfilment -£1.4m

2022	£78.9m
2021	£80.3m

E-commerce Marketing +£0.2m

2022	£42.7m
2021	£42.5m

Group -£53.1m

2022	£770.1m
2021	£823.2m

During 2022 we focused on achieving greater operational efficiency which helped us to offset some of the pressures from inflated costs. We appointed a new Head of Operations for our depot estate and invested in a new Transport Management System (TMS), enabling us to optimise our fleet use across the Group.

Downstream Access Mail

Our Downstream Access (DSA) business delivered a solid performance with high profile wins such as HMRC on top of our continuing successful customer retention, given the economic and inflationary circumstances.

The overall addressed market letter volumes (letters and large letters) rebounded by 3.4% to 8.05 billion items in 2021-22*. DSA accounts for 66.9% of total addressed letter volumes and overall access mail volumes increased by 7.5% year-on-year* and Whistl continues to retain a leadership position in this sector.

The business faced significant challenges towards the end of the year due to the Royal Mail industrial action, but we were pleased that we were able to work with our customers to mitigate any potential delays with a 100% handover mail rate to Royal Mail.

During 2022 we focused on achieving greater operational efficiency which helped us to offset some of the pressures from inflated costs. We appointed a new Head of Operations for our depot estate and invested in a new Transport Management System (TMS), enabling us to optimise our fleet use across the Group. It has led to reduced fuel use, helping us meet our carbon reduction targets; better customer experience through real time information; and a reduction in potential delivery failure.

In the previous year, driver shortages impacted on the whole sector but we have undertaken several initiatives to increase our full-time driver employee ratio, enabling us to reduce reliance on agency drivers.

OUR NEW PURPOSE-BUILT 78.000 SQ FT BRISTOL DEPOT IS NOW FULLY-OPERATIONAL

Operationally, we have a stable and reliable network, and our new Bristol depot has enabled us to further improve efficiencies. We have introduced semi-automation through boom conveyors that have sped up the vehicle loading process. Further investment will be made in tracked automation to handle our increased volumes.

Our Posthub brand had a successful year and won over 150 high-profile customers in the retail, charity and publishing sectors to plan and execute mail campaigns. Brands include WWF, Crew Clothing, JoJo Maman Bébé, Harrods, NSPCC, Barnardo's, ProCook, Warners and Mortons.

Posthub serves a gap in the market for businesses who use advertising mail but also require a more personalised service, including data processing requirements as well as delivery management.

* Annual Monitoring Update for Postal Services Financial Year 2021-22

Whistl operates in a regulated environment with Ofcom as the Postal Sector regulator. In July 2022, Ofcom published its review of postal regulation which introduced some minor changes to the existing regulatory framework: including strengthening the monitoring of sustainability and efficiency of Royal Mail and introducing new consumer protections in parcel services. It has decided that the overall regulatory framework for postal services remains appropriate for the next five years and so Whistl is free to continue its well-established activities in a stable regulatory environment.

Despite the Supreme Court ruling that Royal Mail has no grounds to appeal an Ofcom fine, which it has now paid, there has been no resolution for Whistl to the 2014 complaint that Royal Mail had abused its dominant position in connection with Whistl's end-to-end business. Whistl continues to pursue its damages claim for this anti-competitive behaviour.

Whistl ensures that it has frequent dialogue and engagement with Ofcom, Royal Mail, and the Mail Competition Forum and has quarterly engagement with the Business and Trade (BAT) Committee and the Wholesale Access Group to ensure that its own views on regulatory and market developments are heard and help shape the market.

Parcels

Parcel volumes in the UK declined in the year, reflecting the easing back of Covid led online focused buying. According to Ofcom,* total parcel volumes decreased by 5.7% to 3.8 billion items in 2021-22, compared with the 47% growth recorded in 2020-21.

Domestic parcel volumes fell by 0.8% year-on-year to 3.4 billion items (compared to 53% rise in prior year). Next day (D+1) delivery items made up 65% of measured domestic parcel volumes during 2021-22, compared with nearly 60% the previous year.*

Total parcel volumes across all UK postal operators decreased by c.6% to 3.82 billion items with domestic volumes declining slightly (by c.1%).*

Against the background of a downturn in overall parcel volumes, we continued to invest in our operations with the appointment of our first Managing Director of Whistl Parcels to focus on large organisations and core strategic customers using our national network.

We solidified our position in the market through an improvement in the mix and quality of parcels we process. Additional pricing and efficiency moves have enabled us to offset the lower parcel volume. We have won significant contracts in the horticulture sector with You Garden and Sarah Raven, joining other big brands including TM Morgan.

Our Parcelhub brand focusses on medium-sized organisations and large SMEs with a more regionalised approach using onsite local collections and consolidated volumes. The Leicester site, opened in 2021, is performing well and we added sites in Birmingham and Leeds to the portfolio.

We solidified our position in the market through an improvement in the mix and quality of parcels we process. Additional pricing and efficiency moves have enabled us to offset the lower parcel volume.

OUR PARCELHUB BRAND WAS BOTH REFRESHED AND ROLLED OUT MORE WIDELY

The Parcelhub visual brand identity underwent a refresh in the year to coincide with the first phase in the rollout of its electric collection fleet and a more cohesive look aligned to the Whistl brand.

We have developed and launched Wismo (Where is my order) software that automates the process between collection and delivery, providing automatic real time updates and reconciliation. The reduction in human interaction has enabled speedier reconciliation of customer enquiries.

During the year, we became the first parcel and delivery consolidator to become integrated as an Amazon delivery carrier. It allows our customers who trade through Amazon to select us as their carrier, enabling us to support customers on one of the largest online marketplace websites.

Additionally, we can now offer our customers, Yodel's new Xpect Mini and Medium 2-hour delivery window services.

* Annual Monitoring Update for Postal Services Financial Year 2021-22

Our Business Areas

International

Despite the legacy issues caused by the pandemic, Brexit, the war in Ukraine and the subsequent economic pressures, we are holding our position in the international market – but 2022 remained challenging.

For our customers, these factors had a huge impact on their ability to forecast volume and obtain stock to fulfil orders.

Parcel imports and exports declined by over 30% year on year due to global supply chain disruption as well as increased complexity and changes to Customs Duties and import/export tariffs.

International inbound volumes decreased by 32% year on year (having risen 31% in 2020-21) and international outbound volumes declined by 36% in the same period (up 3% in 2020-21).*

The post Covid shift from air to sea transportation continued, but containerisation issues were significant in the year caused by reduced capacity, delays at port and strike action. In addition, we have experienced downward pressure on pricing due to increased competition.

We continued to invest in the business and launched a fast-tracked service for SMEs to the USA. The service, taking an average of 6.5 days from dispatch to delivery, enables access for SMEs to the UK – USA fast-tracked market at a cost-effective price, typically unavailable to low volume mailers. By upgrading to this service, UK SMEs can now offer their USA based customers an enhanced delivery service with improved item visibility on its delivery journey alongside the quicker delivery times.

Whistl is approved by the UK Border Force and HMRC as a Customs Clearance Agent and offers air, sea and road clearance for mail and parcels entering the UK from our International Gateway near Heathrow. Through one point of contact we offer our customers a full end-to-end solution from import and clearance through to final mile destination in the UK or abroad.

We continued to invest in the business and launched a fast-tracked service for SMEs to the USA. The service, taking an average of 6.5 days from dispatch to delivery, enables access for SMEs to the UK – USA fast-tracked market at a cost-effective price, typically unavailable to low volume mailers.

* Annual Monitoring Update for Postal Services Financial Year 2021-22

Fulfilment

Our Fulfilment performance reflected the rebalancing of the sector following the pandemic boom and the inflationary impact on consumer spending towards the end of the year.

Despite this background and fluctuating customer volume affecting forecasting, partly driven by supply chain disruptions, we performed well during a busy peak with a good quality of service meeting express and next-day delivery requirements. For example, we successfully managed the trend for air fryers, an energy saving appliance as well as a healthy way to cook food, driving both B2C and B2B fulfilment activity for one of our high-profile customers.

In common with other businesses in the sector, the division was impacted by an increase in cost base and availability of quality experienced staffing during the year, which has adversely impacted overall profitability.

The various fulfilment acquisitions are now fully integrated into the business and, during the year, we delivered new customer solutions and system enhancements to our WMS to increase operational efficiency.

> *Despite this background and fluctuating customer volume affecting forecasting, partly driven by supply chain disruptions, we performed well during a busy peak with a good quality of service meeting express and next day delivery requirements.*

The system helps customers:

- *Maximise their sales opportunities*
- *Reduce inventory holding costs*
- *Maximise order margin*
- *Improve real time visibility of order / stock status and returns*

Plans for further semi-automation are ongoing and we are reviewing options to further utilise our current and future infrastructure to enable our next phase of fulfilment growth.

We have worked with many long-standing customers who have grown and evolved their product offer to ensure that we meet their current needs as well as winning new customers such as IT Luggage and Hugo & Hudson. We have consolidated warehousing locations where optimal and invested in a new property in Gateshead and new bagging machines in Rushden to facilitate increased productivity.

A Commercial Board has been appointed to enhance the opportunities to cross sell fulfilment contact centres across the business whether to DSA, International or DDM customers and we have upskilled the sales team to widen their product knowledge and relevant market understanding.

For context, in 2022 UK online sales fell 10.5% compared with the previous year according to business group IMRG. It is the first time that online sales have fallen on an annual basis since 2000.

Contact centres

In April we launched a new integrated telecoms system across the business, and contact centre sites can now share traffic loads more efficiently. This further enhanced the quality of service we can provide customers as well as allowing us to scale capacity by utilising additional work from home resources, if required.

We joined the Call Centre Management Association (CCMA) to take advantage of their extensive resources helping us to discover new ways to improve the customer experience we deliver.

The team had great success with a Gold award win for Outsourcing Partnership of the Year at the Contact Centre Awards for its work with TOCA Social. Our relationship with POPSA has further strengthened with them utilising a flexible resource of 60 call handlers, 24/7, including use of our multi-language service.

GOLDEN GOAL!
OUR CONTACT CENTRE TEAM WON OUTSOURCING PARTNERSHIP OF THE YEAR TOGETHER WITH INTERACTIVE FOOTBALL CLIENT TOCA SOCIAL

Our Business Areas

E-commerce Marketing

In 2022, we successfully integrated Relish within the Group and saw 77% growth in Leafletdrop, processing over 100 million items since the inception of the platform.

At the start of the year there was a rebound in marketing spend, particularly in travel-related promotions following the post pandemic reopening of the economy. This move from product to experiential consumer spending was also a factor behind the cooling of online purchases.

Additionally, consumer spend restraint accelerated over the year due to higher costs as inflation hit double figures. This economic instability saw marketers reduce spend or postpone planned campaigns.

For Relish, our online sampling business, clients were impacted by a shortage of stock arising from supply chain issues. Stock allocated for sampling or marketing activity was diverted to be sold directly to consumers.

Despite the uncertain economic background and numerous challenges, we are pleased with the resilience of our E-commerce Marketing business over the year and it is well positioned to grow with an economic recovery in the UK.

Spend on direct mail advertising rose in 2021-22. The Advertising Association/ World Advertising Research Centre (WARC) reported that expenditure (which includes production and elements of postage) increased by 13.7% in real terms from £0.95bn to £1.08bn. This compares to a 31.2% decrease in the previous year.

Through integration of the Relish team into the Group we have now started to realise the benefits of being able to offer new routes to market through in-parcel sampling. Several customers from across the Group have now used the Relish service.

Our Leafletdrop offering continues to perform strongly as marketers become more self-reliant and with the trend of SMEs accessing self-serve marketing platforms. In 2022 we passed the landmark of processing 100 million items since the inception of the platform.

The team continued its award-winning streak securing the Gold IPM COGS award for Best Service Provided in Response to Covid-19 for The Royal National Lifeboat Institution. Additionally, it won a Bronze DMA Award for e-commerce brand Oddbox, for an eco-friendly and targeted campaign to support its expansion plans into new operating areas.

We are confident in the growth potential of E-commerce Marketing as the competitive landscape for advertising spend is changing. Marketers are becoming more sceptical about the efficacy of a digital only approach.

Whistl's participation in the Advertising Association's AdNetZero project underscores our commitment to providing clients with sustainable solutions that support the climate ambitions of both UK Government and businesses.

Our Leafletdrop offering continues to perform strongly as marketers become more self-reliant and with the trend of SMEs accessing self-serve marketing platforms. In 2022 we passed the landmark of processing 100 million items since the inception of the platform.

LEAFLETDROP
TARGETING, PRINTING AND DISTRIBUTION OF DOORDROPS VIA OUR INTUITIVE ONLINE PLATFORM

Financial Review

Group Performance

Macroeconomic factors were challenging throughout 2022 with high inflationary pressures compounded by supply chain unpredictability that impacted customers, our cost base and limited our ability to maximise operational efficiency. These conditions were managed and the Group is poised to benefit from an increase in customer confidence and growth.

We successfully consolidated significant investments made in 2021 and refocused the business after the volatility of Covid impacted 2020 and 2021. The Group's financial performance and growth trajectory returned to pre-pandemic trends, with revenue of £770.1m, a 6.5% decrease compared to 2021 but a 12.4% increase compared to 2019, the last full year before the pandemic.

Revenue increases compared to 2019 were focused in the growth areas of Fulfilment, Parcels, and International. Our diversification into e-commerce fulfilment and parcels has created commercial opportunities beyond the underlying market growth, through cross-selling multiple services across our customer base, as well as operational synergies.

Consolidated profit and loss	**2022 £m**	2021 £m	Change £m
Revenue	**770.1**	823.2	(53.1)
Costs of Sales	**(726.2)**	(773.7)	47.5
Gross Profit	**43.9**	49.5	(5.6)
Administrative Expenses (excluding exceptional items)	**(51.6)**	(47.7)	(3.9)
Operating (loss)/profit before exceptional items	**(7.7)**	1.8	(9.5)
Underlying EBITDA[1]	**7.2**	15.6	(8.4)

Reconciliation of Underlying EBITDA[1]	**2022 £m**	2021 £m	Change £m
Operating (loss)/profit before exceptional items	**(7.7)**	1.8	(9.5)
Goodwill amortisation	**10.6**	10.3	0.3
Amortisation of intangible assets	**0.5**	0.6	(0.1)
Depreciation of tangible assets	**3.8**	2.9	0.9
Group	**7.2**	15.6	(8.4)

Capex	**2022 £m**	2021 £m
Growth	**1.4**	11.2
Maintenance	**2.6**	2.3
Group	**4.0**	13.5

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

Manoj Parmar
Chief Financial Officer

We have been able to offer integrated warehouse fulfilment and parcel solutions to e-commerce customers, leveraging Whistl's expertise in these areas. The underlying EBITDA[1] of £7.2m was down on the record result achieved in 2021 but remains robust and has allowed us to maintain deep liquidity and balance sheet strength, providing a strong foundation for future growth and investment in new opportunities.

Gross profit of £43.9m in 2022 was 11.3% lower than in 2021, but 15.9% higher than in 2019, the last full year before the Covid pandemic.

In the first half of the year, the Fulfilment division faced adjustments in the labour market, with inflationary pressure on wages and staff availability intersecting with changes in customer demand patterns and supply chain issues which impacted the import of products into the UK. These factors together with the lack of predictability of demand and the ensuing operational inefficiency, partly contributed to the overall reduction in Group profitability in 2022.

Within the Parcels, International, and Mail network, gross profit margins remained robust, and there was no repeat of the 2021 economy wide HGV driver shortage. We implemented measures to keep costs under control, despite record fuel and energy price increases caused by the war in Ukraine.

The E-commerce Marketing division, expanded its gross profit due to the full-year impact of the acquisition of Relish Agency. However, the division experienced headwinds in the second half of the year, as worries of a recession in the economy reduced customer marketing budgets.

Administration expenses excluding exceptional costs increased by £3.9m to £51.6m in 2022 (2021: £47.7m). After adjusting for the full year impact of acquisitions the increase was £2.8m (6%) and was driven by increased investment in IT systems and growth in staff costs as well as inflationary pressure on insurance premiums and other administrative costs. We will continue to exercise tough control on costs and investigate opportunities for efficiency and value.

Exceptional administrative expenses

Exceptional costs of £1.0m were incurred in 2022 in relation to the relocation of our Marlow Head Office into a smaller building following the changes to working patterns that have resulted from the Covid pandemic as well as aborted M&A advisory costs. 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 and aborted M&A costs.

Taxation

The effective rate of corporation tax was 3.3% (2021: 30.3%) which was lower than the standard UK corporation tax rate of 19.0% (2021: 19.0%). This reflects the impact of long-term capital investment programmes and timing differences, such as capital allowances and taxable losses.

We generate 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.

The E-commerce Marketing division, expanded its gross profit due to the full-year impact of the acquisition of Relish Agency.

Dividend

In the year the Board declared and paid priority dividends totaling £0.75m (2021: £1.5m) to holders of "A" ordinary shares. No other dividends were declared or paid in 2022 or 2021. 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

2022 was a year of consolidation after the large investments made in 2021 which included the new Lutterworth and Northampton warehouses. The Fulfilment division focused on the onboarding of new customers to bring capacity added in 2021 on stream, together with managing our significant existing customer base.

Maintenance capex across the group of £2.6m (2021: £2.3m) remained steady and reflects our policy to retain a well invested operational network and to drive efficiency. We implemented a new Transport Management System whose impact has immediately reduced the total distance driven, minimising transport costs.

No new acquisitions were made in 2022 and all deferred consideration in relation to historic acquisitions have been settled.

All investments have been funded by cash flows from ongoing operating activities and without recourse to our substantial unutilised lines of funding.

Financial Position	2022 £m	2021 £m	Change £m
Goodwill	**69.9**	80.5	(10.6)
Fixed assets	**23.2**	24.0	(0.8)
Stocks	**0.5**	0.5	-
Debtors	**94.9**	85.0	9.9
Cash at bank and in hand	**32.5**	40.8	(8.3)
Creditors: amounts falling due within one year	**(165.6)**	(169.2)	3.6
Creditors: amounts falling due after one year	**(8.9)**	(5.1)	(3.8)
Provisions for liabilities	**(1.3)**	(1.2)	(0.1)
Net assets	**45.2**	55.3	(10.1)

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

Cash Flow	2022 £m	2021 £m	Change £m
Underlying EBITDA[1]	**7.2**	**15.6**	**(8.4)**
Change in net working capital	(8.0)	0.8	(8.8)
Cash Flow from Operating activities before exceptional items	**(0.8)**	**16.4**	**(17.2)**
Exceptional Costs	(1.0)	(4.0)	3.0
Net Cash Flow from Operating activities	**(1.8)**	**12.4**	**(14.2)**
Tax (paid)/received	(0.2)	(0.1)	(0.1)
Net Investment in fixed assets	(4.0)	(13.6)	9.6
Acquisitions (net of cash acquired)	(0.1)	(5.7)	5.6
Other (including payment of deferred consideration)	(1.2)	(2.5)	1.3
Operating Free Cash Flow	**(7.3)**	**(9.5)**	**2.2**
Net interest paid	(1.0)	(1.0)	-
Loan repayments	-	(17.8)	17.8
Repayment of obligations under finance leases	-	(0.1)	0.1
Movement in cash (decrease)/ increase	**(8.3)**	**(28.4)**	**20.1**
Opening Cash	**40.8**	**69.2**	**(28.4)**
Closing Cash	**32.5**	**40.8**	**(8.3)**

Financial Position & Liquidity

Cash reduced by £8.3m to £32.5m due to the remaining unwinding of the Government Covid-19 VAT Payment Deferral Scheme, other movements in net working capital, investments in fixed assets as well as settlement of all remaining liabilities in relation to historic acquisitions. These outflows were partially offset by cash inflows from underlying trading.

Net assets and shareholder's equity reduced by £10.1m due mainly to the non-cash amortisation of goodwill of £10.6m. Whistl's policy is to amortise goodwill over 10 years and is in accordance with the FRS102 accounting standard.

In addition to cash at hand, Whistl's liquidity is further supported by our fully committed irrevocable £75m funding line provided by HSBC which is divided into a credit and working capital facility and a supplier guarantee facility. Whistl's policy is to maintain a high level of liquidity headroom which together with our strong balance sheet, cashflow and credit rating gives us financial flexibility to invest and grow.

The net book value of tangible fixed assets and software reduced to £23.2m (2021: £24.0m) due to depreciation charges and disposals exceeding capex investment.

Debtors increased by £9.9m (11.6%) to £94.9m (2021: £85.0m) despite the fall in full year revenue from £823.2m to £770.1m due to monthly phasing of trading activity, a change in product mix as well as an average increase in debtor days. Debtor days in the Downstream Access and Parcels division increased from 27.9 days to 28.8 days between 2021 and 2022.

Creditors due in less than one year decreased by £3.6m to £165.6m (2021: £169.2m). The remaining unwinding of Whistl's participation in the Coronavirus VAT Payment Deferral Scheme partially offset a £2.0m increase in trade creditors, accruals and deferred income which increased in line with trade debtors and accrued income due to the monthly phasing of trading activity and a change in product mix.

Creditors due in more than one year increased by £3.8m to £8.9m (2021: £5.1m) due to rent free period accruals on warehouses and hubs.

Provision for liabilities of £1.3m (2021: £1.2m) relate to onerous leases for unutilised office accommodation.

Cash flow

Cash Flow from Operating activities before exceptional items was (£0.8m) in 2022 (2021: £16.4m). The decline was caused by a £8.4m reduction in EBITDA[1] and £8.8m increase in Net Working Capital.

Net Working Capital cash outflow included an increase in Trade Debtors of £7.2m, partially offset by an increase of Trade Creditors of £2.3m.

The change in Net Working Capital also included £3.3m cash outflow due to repayments under the HMRC Covid VAT Deferral Payment Scheme (2021: £22.7m) which were included within Taxation and Social Security liabilities on the balance sheet. All remaining deferred VAT was paid to HMRC at the start of 2022 in accordance with the scheme rules.

The net decrease in cash of £8.3m was after deducting £1.0m in relation to exceptional costs, £4.0m in relation to purchase of fixed assets and £1.1m in relation to deferred considerations on historic acquisitions.

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, increased from 27.9 to 28.8 days between 2021 and 2022.

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.

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

Our People

93% OF OUR DRIVERS ARE DIRECTLY EMPLOYED

Following the disruption to working practices because of the pandemic and the labour shortages in 2021, particularly in the logistics sector, we are pleased that the labour market has now stabilised.

We put in place a number of initiatives to attract new talent including a dedicated Head of Recruitment to ensure we have an efficient recruitment process; the Whistl Driving Academy to train drivers for our fleet; alongside enhanced salaries reflecting the market trends.

The increase in the ratio of permanent employees and investment in existing employees has delivered benefits to the business. For example, 93% of drivers are now directly employed and 84% of the hours worked in our DSA business are now by permanent employees.

In our Fulfilment operations, we still require the ability to scale up with additional resource to deal with peak working, but we are looking to smooth this out through more efficient processes and automation.

Whistl is a people business, and we believe it is crucial to invest in our employees to ensure that we provide the best possible service to our customers. We are passionate about helping develop the careers of our employees, investing time and money.

LEAP, our internal career development and leadership programme, provides a formal development framework and individual plan for everyone. Some of these programmes are now delivered by a third party partner as they have been evolved into formal apprenticeship programmes.

We believe Apprenticeships play a key role in the development of entry level employees making sure the skills they develop are recognised in a formal accreditation. In 2022, 15 employees based at Whistl depots in Bolton, Bedford and Bristol embarked on the new Level 2 Sortation Hub Apprenticeship that was developed in association with the Institute of Couriers. Whistl was one of the ‘employer trailblazers’ that helped develop the standards for the new apprenticeship which was approved this year. Funding for the apprenticeship comes from the Apprenticeship Levy with any remaining funds donated as pledges to support small organisations in the early years or caring professions.

Employee engagement and two-way communication is encouraged across the business. During 2022 we increased the visibility of the Executive Board across all the sites with bi-annual face to face team briefings with dedicated Board sponsors at each site. This was in addition to the regular CEO updates broadcast across the business.

Whistl is a people business, and we believe it is crucial to invest in our employees to ensure that we provide the best possible service to our customers.

'ASK ALISTAIR' GIVES EMPLOYEES ACCESS TO THE COO VIA E-MAIL OR THE INTRANET

We measure our employee engagement through MySay, our annual employee survey, run by an independent company. In 2023 we had a 73% response rate and our engagement rate continues to be strong at 67%, exceeding the industry benchmark.

In response to the feedback in 2022, we:

- Designed a mandatory People Manager training workshop to be delivered in 2023 with excellent sign up and attendance rates so far across all business areas
- Introduced the Whistl Hardship fund to help support employees with the current cost of living crisis
- Created an 'Ask Alistair' inbox for employees to send through their questions directly to the COO
- Created four Focus Groups based on the priority areas identified from the survey which were facilitated by BoM and Executive Board members listening to feedback from representatives from across all business areas. Topics covered Leadership, Equality, Diversity and Inclusion, Reward & Recognition and 'Listening to our under 35's.'

Employee Forum

During 2022 we listened to our employees through feedback to their representatives combined with comments received from our engagement survey. As a result, a key focus was making sure that the new Marlow Head Office offered the facilities requested by employees such as an onsite canteen and more social spaces.

Investors in People (IIP)

In 2022 we again achieved the Investors in People 'We invest in people', standard accreditation which lasts three years and now incorporates all our acquisitions.

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

Equality Diversity and Inclusion (EDI)

In 2021 we launched an employee-led Equality, Diversity and Inclusion (EDI) Charter and set up a regular forum for 20 volunteer EDI Allies across the business to meet, share ideas and put in place strategies to deliver our commitment within the Charter.

The forum developed our EDI initiative statement

BE YOU

THIS IS A PLACE WHERE YOU CAN BE YOU AND ***MAKE THE MOST OF YOUR TALENTS***

BEING YOU ENABLES US ***ALL TO BE BETTER***

BEING YOU IS WHAT MAKES US ***A GREAT TEAM***

BE YOU

> *In 2022 we again achieved the Investors in People 'We invest in people', standard accreditation which lasts three years and now incorporates all our acquisitions.*

Our Be You initiative is to encourage everyone across the business to be themself at work and to make the most of their talents. This is a statement about how we want people to feel about working at Whistl.

In addition to developing this, the EDI forum also has the following commitments now underway:

- Training on EDI for Line Managers
- EDI section in the employee newsletter, The Whistler, which is distributed monthly to all sites
- EDI Allies to partner with sites
- Review new job descriptions from an EDI perspective
- Review management capability framework from a wellbeing and EDI perspective
- Dedicated EDI page on the intranet
- Publication of Inclusion Calendar
- Share gender pronoun options – these can be used at bottom of email signature or intranet profile.

In the 2022 MySay survey employees were overall happy with Whistl in terms of EDI:

81%
of responders said they can be themselves at work

74%
said people at Whistl respect individual differences (e.g., cultures, working styles, backgrounds, ideas)

72%
said we actively encourage equality, diversity and inclusion throughout the company.

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.

Key initiatives were:

- April – *Be You campaign launched*
- June – *International Day Against Homophobia, Transphobia, and Biphobia*
- July – *Awareness of the Valuable 500 and Disability Confident*
- September – *We want to hear from you*
- November – *World Menopause Day*

Mental health and well being

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.

Key milestones in the year

Feb	***Spot the Signs*** *Do you know someone who may be struggling*
March	***Tips for a better night sleep***
April	***Stress Awareness Month***
May	***Mental Health Awareness Week***
June	***Pride Month***
July	***Check Yourself*** *(Cancer Awareness Month)*
August	***Promotion of Physical Activity***
September	***Suicide Prevention Month***
October	***Financial Wellbeing and Mental Health First Aider Promotion***
November	***Movember***

We have trained Mental Health First Aiders across the business, and in conjunction with external organisations, 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.

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 and 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.

In the last 12 months we have also introduced Critical Illness cover and a Health Care plan that is available to all our employees.

We thank our employees for staying with us by presenting an 'Anniversary Card' from Alistair Cochrane, Chief Operating Officer, along with a monetary 'thank you' to each individual at the 5, 10, 20 and 30 year service milestones.

Gender Pay Gap Reporting

From April 2018, companies with 250 or more employees are required to publish defined statistics on Gender Pay information. The Whistl Group is reporting in accordance with the requirements of the mandatory Regulations under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, for the following four reporting business entities for the April 2022 reference period: Whistl UK Ltd (DSA & SSC), Whistl Fulfilment (Gateshead) Ltd., Whistl Fulfilment (Rushden) Ltd and Whistl Fulfilment (South West) Ltd.

Pay Gap

The gender pay gap snapshot for each of our reporting entities:

WOMEN'S HOURLY RATE IS

Reporting company	Mean		Median	
Whistl UK Ltd	0.3%	Lower	4.9%	Lower
Whistl Fulfilment (Gateshead) Ltd	11.7%	Lower	8.4%	Lower
Whistl Fulfilment (Rushden) Ltd	19.2%	Lower	18.7%	Lower
Whistl Fulfilment (South West) Ltd	3.1%	Higher	1.4%	Higher

Reporting company	Upper Quartile		Upper Middle Quartile		Lower Middle Quartile		Lower Quartile	
	Females	Males	Females	Males	Females	Males	Females	Males
Whistl UK Ltd	29%	71%	27%	73%	30%	70%	31%	69%
Whistl Fulfilment (Gateshead) Ltd	26%	74%	48%	52%	62%	38%	41%	59%
Whistl Fulfilment (Rushden) Ltd	27%	73%	30%	70%	73%	27%	72%	28%
Whistl Fulfilment (South West) Ltd	47%	53%	42%	58%	34%	66%	46%	54%

WOMEN'S BONUS PAY IS

Reporting company	Mean		Median	
Whistl UK Ltd	11.1%	Higher	0%	Lower
Whistl Fulfilment (Gateshead) Ltd	74.8%	Higher	0%	Lower
Whistl Fulfilment (Rushden) Ltd	61.5%	Lower	0%	Lower
Whistl Fulfilment (South West) Ltd	14.3%	Lower	13%	Lower

PROPORTION OF RELEVANT FEMALES AND MALES RECEIVING A BONUS

Reporting company	Females	Males
Whistl UK Ltd	86%	84%
Whistl Fulfilment (Gateshead) Ltd	27%	53%
Whistl Fulfilment (Rushden) Ltd	52%	49%
Whistl Fulfilment (South West) Ltd	79%	71%

Pay Quartiles

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

Pay gap notes.

- ***Whistl UK Ltd*** *– the average pay gap has improved v 2021 and the median is slightly higher v last year, with both remaining under c5%.*
- ***Whistl Fulfilment (Gateshead) Ltd*** *– both the average and median gaps have increased for this reporting period. The gap is influenced by a relatively flat organisation structure with more senior roles being held by males with long length of service.*
- ***Whistl Fulfilment (Rushden) Ltd*** *– both the average and median gaps have increased for this reporting period. The gaps are due to a high proportion of women in frontline operational roles as seen in the lower middle and lower pay quartiles and 72% of our part-time employees in Rushden are female. We also have a small proportion of males in managerial roles who are employed by the entity but whose remit extends to other Fulfilment sites, locations, or regions.*
- ***Whistl Fulfilment (South West) Ltd*** *– the pay gap is reversed in this reporting period with the female average and median hourly rate slightly higher than the male rates, but with the gender variance under c5%.*

Bonus Gap

Please see below the gender pay gap snapshot for each of our reporting entities:

Bonus gap notes.

- ***Whistl UK Ltd*** *– the bonus gap and proportion figures are consistent with the prior reporting period.*
- ***Whistl Fulfilment (Gateshead) Ltd*** *– the average figure is significantly influenced by sales commission earned, therefore for this reporting period we believe median is a more accurate reflection of the situation. With regard to the lower percentage of females receiving bonus, this is largely due to no bonus scheme being in place for our contact centre for the year and in the relevant bonus population the contact centre population is in the majority female; a bonus scheme was put in place for this population for Q4 2022 and this will flow through in next year's reporting data.*
- ***Whistl Fulfilment (Rushden) Ltd*** *– the average figure is higher than last year's reporting figure and this change is influenced by the senior managers referenced in the pay gap notes receiving a group profit share bonus for FY2021 paid in March 2022.*
- ***Whistl Fulfilment (South West) Ltd*** *– the average bonus gap figure is lower than the prior year's report but the median has increased for this reporting period.*

Environment, Social and Governance (ESG)

There is an imperative that all businesses, across all industries globally need to act now to reduce the adverse effects on the environment. During the year we took significant steps forward in this area.

In line with our aim to be a sustainable business, not only financially but also within the environment and communities in which we operate, we appointed an ESG Lead within the business to drive forward our current activities and develop our road map to meet UK Government mandatory targets and expected best practice.

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 are ambitious and committed to fight climate change and in 2022 we launched an ESG programme and partnered with Simply Sustainable, an award-winning sustainability and ESG consultant, to accelerate focus in the following areas:

ELECTRIC COLLECTION
PARCELHUB IS TRIALLING EVs ACROSS THE EAST MIDLANDS

1. Environment, Social and Governance (ESG)

ESG strategy
As part of our ESG strategy, we have conducted a double materiality assessment. This was an inclusive process involving engagement with our colleagues and with external stakeholders, including our customers, suppliers and carriers through interviews and surveys on 16 ESG topics. We have completed a business impact analysis and maturity assessment against the ESG topics which has given Whistl better insight to the issues that are most material to our stakeholders.

We aim to have a completed ESG strategy, including KPIs and targets in 2023.

Our ESG initiatives programme
Whistl has an extensive ESG initiatives programme across procurement, fleet and facilities:

Ethical and sustainable uniforms
This year the focus has been on ethical and sustainable operational and driver uniforms as well as sourcing eco friendly consumables across the Whistl Group.

At the end of 2022 Workwear Express became our new uniform supplier, adding recycled and sustainable fabric options to our uniform portfolio whilst continually seeking any new eco materials. Our ordering method allows on-demand requests and therefore lessens waste.

In addition we have implemented a recycling process for old uniforms, to recycle and repurpose garments and save them from ending up in landfill.

Our vehicles
We have updated our commercial car fleet policy with a green fleet choice of electric or ultra-low emission.
We have rolled out 13 electric vans across the network with a view to increasing this number in 2023 and beyond. In collaboration with our suppliers, our small van and HGV drivers have received extensive fuel efficiency driver training.

Whistl initially deployed 9 Maxus eDeliver electric vehicles covering customers in the Bristol area with four vehicles and five for its Parcelhub brand.

During the year we consolidated all the transport fleet across the Group under a new transport management system to better utilise the fleet, maximising loads and reducing mileage.

We commenced a £12m investment fleet expansion and renewal programme with Euro VI compliant: I7 Peugeot Boxer 435 Vans; 26 18t and 17 26t rigid trucks; and 126 Renault T-Range Tractor Units.

The strategy also covers both rollout of electric vehicle charging infrastructure across Whistl's current 22 sites and the procurement of electric fleet.

Group waste management
Our partnership with Zest Recycle has seen 13 sites rolled out with a new waste management system that has seen 84% of recycled material. Following the results of the successful partnership between Whistl and Zest Recycle, we were shortlisted for a 2022 Award for Excellence in Recycling and Waste Management. In addition, we gained a Bronze award in the International Green Apple Awards and were nominated for the National Recycling Awards for Campaign of the Year.

Supply chain
At Whistl, we want to work with suppliers who share our values and help us deliver on our promises and commitments. We believe this is best achieved through the sharing of practice and information. In 2022 our Suppliers' Day Conference focused on ESG and we launched our new supplier charter setting out how we expect suppliers to behave so that together we can achieve higher ESG standards in our supply chain.

New products
To help our customers achieve their net zero targets we have developed a Sustainable Mail guide for customers on how to achieve an eco-friendly mailing product covering the mail material and its recyclability.

Internal engagement
We have begun an ESG education and promotion campaign across the business including a dedicated section on the intranet; celebration of key dates such as Earth Day and Water Saving Week; training modules both face to face and digital.

Moving forward
In 2023 we will further explore low emission technologies such as solar panels and renewable energy across our sites, explore innovations such as grass-based packaging, review our water consumption assets and the feasibility of low emission HGVs. The company has established a strategy to transition its van fleet to electric power, whilst practically meeting operational needs, cost effectively.

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 and they are also able to contribute by a Just Giving (Give as you earn) facility to support a charity of their choice.

Over £2,500 was raised by sites for the following charities, which was matched by a donation from the company:

- Sweet William's Legacy Foundation
- Cots for Tots, Wallace & Gromit Appeal
- MIND BLMK
- Bolton Animal Shelter
- NI Children's Hospice
- Trussell Trust Food Banks
- Save the Children's Christmas Jumper Day
- Macmillan Coffee Morning.

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 Level 2 to 5 apprenticeship schemes with a focus on early years learning, digital and engineering focused apprenticeships. During the year we allocated £0.4m to fund 251 apprenticeships in 76 different organisations.

Employees began an internal appeal in late February for items that could be sent to Ukraine to help with the humanitarian crisis developing within the country. Since the launch, sites from across the Whistl Group have collated pallet loads of items and sent them to the London Ukrainian Appeal in London.

Whistl helped 200 Year 8 students from St. James' Church of England High School in Bolton to kick start their thinking about future careers. As part of the company's Whistl Stop Tour Careers programme a team of colleagues from the Bolton depot met with pupils to discuss career planning. Topics covered were career plans at school; employability skills; career path so far; all about Whistl; and current jobs available.

We also sponsored Marlow Swans Football Club as its first shirt sponsor under our local marketing brand, Leafletdrop.

Whistl helped 200 Year 8 students from St. James' Church of England High School in Bolton to kick start their thinking about future careers.

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, legal and regulatory requirements. During pre-screening and on boarding 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.

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.

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 communities by raising awareness of our ESG 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.

2. Carbon Reporting

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.

Whistl has maintained its status as a global leader for engaging with its suppliers on climate change for the third year in a row. Following assessment by CDP, which runs the global environmental disclosure system, Whistl were amongst 27% of companies achieving A- in the Leadership band score for Supplier Engagement, higher than the European regional average, of B- and an average of B-. Whistl also reached Management Level for Climate change in the Intermodal transport and logistics sector.

We have reviewed our carbon footprint for the baseline year 2019 to ensure we are setting a credible reference point against which emissions can be measured. To do so, we have built upon previous Scope 1, 2 and partial Scope 3 emissions reporting (Scope 3, Category 6 Business travel only) to ensure appropriate coverage for all material greenhouse gas emissions in line with science-based target principles. In accordance with these requirements, materially significant Scope 3 data has now been collected and has formed the recalculation of our 2019 baseline. Our recalculated 2019 carbon footprint will therefore be used as the base year inventory going forwards to ensure comparable performance monitoring over time.

Carbon Footprint
Greenhouse Gas Emissions Reporting

CO_2e* emissions (metric tonnes)	2022^	2021^^
Scope 1	17,820	14,362
Scope 2	1,380	41
Scope 3	356,243	157
Total	375,443	14,560

Our greenhouse gas (GHG) emissions reporting in 2019 was reviewed to ensure the footprint represented an appropriate baseline year in line with the science-based targets methodology. The baseline recalculation policy was therefore triggered owing to inventory exclusion (insufficient scope coverage of material emissions). Owing to a lack of data availability for this reporting period, we have not been able to recalculate the footprint to reflect a fully complete GHG emissions inventory. In addition, our GHG emissions reporting in 2020 and 2021 was impacted by Covid-19 restrictions and was therefore not representative of our typical performance. Owing to materially lower levels of activity than usual, we have chosen not to restate these years. Going forward, we will report against our 2022 baseline to demonstrate progress towards our net zero commitment.

FY 2022 Reporting – Whistl Group
Calculation of GHG emissions based on GHG Protocol (tCo_2e). See note 1 page 21.

2022 GHG Emissions (tCO_2e)	
Gross Scope 1 emissions source (tCo_2e)	**17,820**
Vehicle fuel	15,696
Natural gas	792
Refrigerants	1,332
Gross Scope 2 emissions source (tCo_2e)	**1,380**
Grid electricity: location-based	1,380
Grid electricity: market-based	320
Gross Scope 3 emissions source (tCo_2e)	**356,243**
Upstream transport and distribution (suppliers/carriers)	332,972
Upstream transport and distribution (sub-contractors)	8,578
Purchased goods and services	6,984
Fuel and energy-related activities	4,324
Employee commuting: staff travel	1,626
Capital goods	1,382
Business travel: transport	263
Waste	50
Employee commuting: homeworking	32
Business travel: hotel stays	22
Water	10
Total gross emissions (tCO_2e) (location-based)	**375,443**
Total gross emissions (tCO_2e) (market-based)	**374,383**
2022 Intensity figures (tCO_2e)	
Tonnes of CO_2e by £ million revenue	481.7
Tonnes of CO_2e by million items	98.9
Tonnes of CO_2e by number of employees	153.4

* CO_2 equivalent

^ FY22 Reporting covers all Whistl business units, Scope 3 emissions reporting has been expanded to include emissions from transport/distribution, purchase goods and service activities. 2021 Scope 3 reporting includes business travel and employee commuting for Whistl DSA business only.
^^ Downstream Access activity only.

2022 total Consumption ('000 kWh)	
Energy consumption	
Fossil Fuel energy Consumption	
Diesel – Small Van (delivery vehicles)	8,057
Diesel – HGV (delivery vehicles)	48,376
Natural gas (building/heating)	4,337
Electricity (building)	1,086
Business Travel – (passenger vehicles)[1]	930
Sustainable energy consumption	
Electricity (buildings)	6,039
Electricity (delivery vehicles)	n/a
TOTAL	**68,825**
Share of renewable electricity	**85%**

Scope 1
Natural gas consumption was provided by Inspired Energy and utilities bills in a standardised unit of energy (kWh). Where consumption of natural gas was not provided, it has been assumed there was none at this site.

Vehicle fuel consumption was split between Whistl's two fleet compartments: HGVs and vans. This is based on the telematic data installed within the Whistl fleet. Where this was not available, purchased fuel data was used.

Refrigerants used is R410a, with a leakage rate of 6%. A benchmark kg per m2 office space has been created using an industry average cooling system.

Scope 2
Consumption of electricity was obtained from utilities bills from the majority of Whistl's sites in a standardised unit of energy (kWh). Where consumption data was not available for locations, it was estimated based on a commercial building benchmark (based on the square footage of the location).

Where Renewable Energy Guarantees of Origin (REGOs) were provided, the emissions associated with the consumption of renewable energy were calculated using an average of Base Carbone's renewable energy conversion factors.

Scope 3
Purchased goods and services data was obtained from Whistl's spend report and converted to emissions using UK's databased for purchased goods and services DEFRA (2014). Expenditure was categorised to the closest EEIO categories.

Upstream transportation and distribution is based on Whistl's expenditure and broadly split into two sources: sub-contractors and carriers/suppliers. This was converted to emissions using the DEFRA (2014) conversion factor to road transport of goods based on spend data.

Fuel and energy emissions related to activities in Scope 1 & 2 categories were calculated by using the relevant BEIS (2022) emissions factors for the generation, transmission and distribution of fuel & energy.

Capital expenditure is based on whist's expenditure and converted to emissions using the relevant DEFRA (2014) emissions factor, factoring in UK inflation from 2011 to 2022.

Waste production was provided in a standardised unit of consumption (tonnes) for the majority of Whistl's sites. Where waste production has not been provided, a benchmark based on Whistl's waste intensity per m2 floor space has been used.

Water consumption data was available for most of Whistl sites. Where water consumption has not been provided, an industry benchmark of m3 water consumption per m2 floor space for offices and industrials has been used.

Employee commuting is estimated and based on commute mileage between home and contracted place of work. A number of assumptions were made on frontline vs non-frontline workers, average days of commute and mode of transport provided by Whistl's employee survey. Homeworking hours were calculated using an emissions factor for heating and electrical equipment per hour of home working to calculate emissions.

Business travel (Cars, flights, hotels, trains/tubes, taxi) are provided through Whistl's travel portal (Click Travel) and through Whistl's expenses system. The relevant BEIS (2022) emissions factors were used to calculate carbon emissions for the reporting year.

Notes:

1 Our Greenhouse gas (GHG) emissions reporting in 2019 was reviewed to ensure the footprint represented an appropriate baseline year in line with the science-based targets methodology.

The baseline recalculation policy was therefore triggered owing to inventory exclusion (insufficient scope coverage of material emissions). Owing to a lack of data availability for this reporting period, we have not been able to recalculate the footprint to reflect a fully complete GHG emissions inventory. In addition, our GHG emissions reporting in 2020 and 2021 was impacted by Covid-19 restrictions and was therefore not representative of our typical performance. Owing to materially lower levels of activity than usual, we have chosen not to restate these years. Going forward, we will report against our 2022 baseline to demonstrate progress towards our net zero commitment.

2 Data has been captured between January-December 2022

3 Whistl's organisational boundary is defined as all business activities based on an operational control approach, in line with the Greenhouse Gas Protocol: Corporate Standard (2004: 2015)

4 Exclusions include Whistl's Plymouth site as it does not align with the long-term plans of the business.

n/a = not available
[1] Based on business mileage claims, average car and fuel unknown. Conversion factor of 0.69171 used from SECR KwH (GHG Conversion factors 2022).

Environment, Social and Governance (ESG) continued

In 2021, our performance submitted to CDP for our Downstream Access activity is as below:

Reporting is in line with Streamlined Energy & Carbon Reporting (SECR) requirements.

Intensity figures	2021
CO_2e* emissions (metric tonnes) by activity	
Facility heating	29
Small vehicle fleet	962
Large vehicle fleet	13,371
Total – Scope 1	**14,362**
Energy consumption (MWh) by type	
Fuel	59,581
Electricity	3,315
Heat	155
Total	**63,051**
Intensity figures	
Tonnes CO_2e by revenue	220.0
Tonnes CO_2e by no of employees	12.8
Tonnes per CO_2e by millions items	4.5
Scope 3 – CO_2e (metric tonnes)	**2021**
Employee commuting	131.3
Flights	5.4
Hotel	19.7
Train	0.7
Total – Scope 3	**157.1**

FY2021 Assumptions:

Scope 1
Gas / heating (obtained from gas invoices for each site) and fleet CO_2e (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.

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 CO_2e where cost (as opposed to distance / mileage) was the only data available.

* CO_2 equivalent

3. Task Force for Climate Related Financial Disclosures (TCFD)

In 2021, we reasserted our promise to ensure our impact on social, economic and environmental facets of society remained positive. The promise underlined our commitment to aligning with the Task Force on Climate-related Financial Disclosures (TCFD) and included the development of a climate scenario risk mitigation plan.

We recognise that our operations and business model, both now and in the future, face climate-related risks. Recent global events and weather patterns illustrate the reality of climate change. For this reason, we understand that we have a role to play in the effort to tackle climate change and in addressing the risks which it poses to our business.

In 2022, we have focused on enhancing our understanding of climate-related financial risks and opportunities and their potential impact on our business. Our approach is structured in line with the four TCFD recommendations and supporting disclosures:

- Governance (see pages 36 and 37)
- Strategy (see page 23)
- Risk management (see page 31)
- Metrics and targets (see page 26)

A summary of our performance against each supporting disclosure is outlined in the sections below, and a reference table can be found on page 26.

TCFD Strategy

In 2021, we declared our commitment to combatting climate change and in 2022 we continued to act upon this, taking steps in the identification of our climate-related risks and opportunities. We developed a robust approach to climate scenario analysis, using this to inform how climate-related risks may impact our business.

Climate scenarios	**Medium-emission scenario (RCP 4.5)**	**A predicted global temperature increase, between 1.7°C and 3.2°C, in line with current climate change policies, pledges and commitments. If the world continues on its current trajectory, this is seen as the most likely scenario.**
	High-emission scenario (RCP 8.5)	**A global temperature increase, between 3.2°C and 5.4°C, where carbon emissions continue growing, unmitigated. With no mitigation, this is deemed the worst-case scenario.**

We developed our climate scenario analysis in line with the latest climate science released by the Intergovernmental Panel on Climate Change and the UK Met Office, identifying two Representative Concentration Pathways (RCPs) as the basis for our modelling.[1] The RCPs represent two contrasting, potential climate-change futures.

To inform our scenario analysis, we adopted a portfolio-wide approach to consider the most significant climate-related risks and opportunities for the business across the UK. This process used the latest climate data from the Met Office to identify the projected climate changes across England, Scotland and Wales.[2] For each identified climate-related risk and opportunity, we assessed the significance across three chosen time horizons: short term (2022 to 2030), medium term (2030 to 2040) and long term (2040 to 2050). Consistent with TCFD requirements, we considered the following.

- Transition risks: policy and legal, technological, market and reputation impacts associated with the implementation of measures to reach a low carbon economy.
- Physical risks: direct damage resulting from climate change. These can be event-driven (acute) or long-term shifts (chronic) in climate patterns.
- Opportunities: realised benefits of climate change arising from new policies, operational efficiencies and resource efficiencies, capitalising upon the low carbon market and technological drivers.

Our assessment of climate-related risks and opportunities considered the current and future strategic control measures to enhance the resilience of our business strategy under both of our chosen climate emission scenarios. Over time, we will continue to assess our business and forthcoming Environmental, Social and Governance (ESG) strategies against our identified climate-related impacts. This will include current and emerging risks and opportunities across the regulatory landscape, such as imposed limits on emissions, as well as the most prevalent transition risks to our business strategy.

[1] Representative Concentration Pathways (RCPs) were defined by the Intergovernmental Panel on Climate Change (IPCC). The RCPs are considered a method to set different scenarios under economic, social and physical assumptions that might occur because of climate change, and compare global carbon emissions against pre-industrial levels, projecting the effects from now until the end of the century.

[2] *UK Climate Projections 2018 (UKCP18): Science Overview Report,* Met Office, 2018.

Environment, Social and Governance (ESG) continued

The most significant climate-related risks to Whistl are summarised below.

Risk	Actual or potential business impact	Current and future control measures
POLICY AND LEGAL		
Failure to align to the UK's commitment to net zero by 2050 – as outlined by The Climate Change Act 2008 (2050 Target Amendment) Order 2019 – as well as policies to phase out older fossil-fuel-intensive technologies and processes (e.g. carbon taxes).	**Operational:** • Loss of vehicle assets due to failure to adopt low carbon technologies, causing vehicles to be no longer roadworthy. • Increased failures in day-to-day business operations due to dependence on outdated fuels. **Reputational/Market:** • Negative reputation amongst peers, partners and customers as a laggard in responding to climate-related policies, potentially leading to loss of partners and customers. **Financial:** • Costs associated with carbon-intensive products and processes such as carbon taxes and higher operational costs. • Reduced attractiveness to potential investors and wider stakeholders if Whistl is viewed as not responding appropriately to net-zero policies. **Legal compliance:** • Potential litigation, fines & additional taxes should new legal/regulatory requirements on decarbonisation not be met.	• We have successfully trialled and purchased 13 electric vans (11.5% of overall fleet) for collection services and have identified routes where these will be suitable. We lease vehicles on a three-to-four-year contract; in future, we will look to lease more efficient vehicles. • We currently report our Scope 1, 2 and 3 emissions. • We have set up an ESG Steering Committee which includes a Risk Management Committee. • We have appointed external ESG and sustainability advisers to ensure awareness of horizon-scanning policy and legislative changes.
MARKET		
Failure to attract and retain climate-conscious customers (especially business customers who look to reduce their Scope 3 emissions) as a result of a failure to transition to or utilise low-carbon mail carrier partners and processing methods.	**Market:** • Loss of market share due to customers looking to reduce their Scope 3 emissions by choosing to contract with competitors/peers with better low carbon credentials. **Financial:** • Missed revenue opportunity due to failure to meet customer and/or potential investor expectations on decarbonisation.	• Our product development team has launched a set of environmental standards for our customers, and explores low carbon and green products and services (e.g. mail services offering a hybrid product, whereby customers upload in-house-created letters to an online portal for production). • We also have, within our fulfilment portfolio, The Ethical Superstore – an online retailer that focuses on environmentally-friendly products and packaging. • In the future, we will include our carrier partners in updated policy requirements on low-carbon transition credentials and work collaboratively with partners to realise a low carbon transition.
REPUTATION		
Risk of negative public, customer and supplier perception of Whistl due to failure to respond to demand for more low carbon services.	**Market:** • Loss of market share due to customer preference for peers/competitors with a greater low carbon service offering. • Loss of top suppliers due to partnership with more ambitious low carbon businesses. **Financial:** • Missed opportunity to attract climate-conscious customers and suppliers.	• We have improved external communication of our ESG and climate-related performance and activities. • We have plans to review opportunities to submit to best-practice ESG ratings agencies for our sector.

Risk	Actual or potential business impact	Current and future control measures
	ACUTE	
Severe, sudden weather events (e.g. heatwaves and cold snaps) may affect the physical health of the workforces of Whistl and its delivery partner, as well as the delivery of mail, packages and parcels and the performance of equipment within the fulfilment centres.	**Operational:** • Workforce disruption due to sub-optimal working conditions in Whistl facilities. • Failure/reduced performance of equipment in extreme temperature conditions. **Reputational/Market:** • Whistl may become unattractive to prospective employees owing to reduced physical wellbeing of its operational workforce (e.g. increased fatigue). **Financial:** • Additional operating costs to heat/cool facilities. • Competitive disadvantage from passing additional heating/cooling costs on to customers.	• We are certified to ISO 45001: Health and Safety Management. • Our Bedford mail and parcels depot purchased 150 cooling fans and 150 low-energy-consumption heat mats (for employees). • We will continue to explore temperature monitoring across Whistl's sites as well as technological mitigation measures such as improved airflow at our site • We will review shift patterns to mitigate human health impacts in line with the Health and Safety Work Act(1974).
	CHRONIC	
Sustained increase in temperature may occur, generating health and safety risks for Whistl employees and risk of damage and/or reduced performance of certain equipment.	**Operational:** • Reduced operational efficiency owing to sub-optimal working conditions during operations causing workforce fatigue. **Reputational/Market:** • Increased employee turnover from the operations workforce owing to a failure to adapt operational buildings and processes to mitigate higher temperatures. • Whistl becoming less attractive to prospective employees.	• Our Bedford mail and parcels depot purchased 150 cooling fans and 150 low-energy-consumption heat mats (for employees). • We are certified to ISO 45001: Health and Safety Management. • Future exploration of temperature monitoring across Whistl's sites as well as technological mitigation measures such as improved airflow. • Potential to review shift patterns to mitigate human health impacts in line with the Health and Safety Work Act (1974).

The most significant opportunities to Whistl are summarised below.

TCFD category	Identified climate opportunity	Potential business impact
Technology	Increased automation of Whistl's services including technological interventions and processes for mail sorting, parcels and fulfilment.	Greater operational efficiency.
Market	Collaborate with partners and suppliers to drive innovation of low carbon and green products and services.	Greater market growth and increased revenue from climate-conscious customers. Increased investment due to green product portfolio.

We aim to quantify the fiscal impact of our identified climate-related risks and opportunities through the undertaking of a financial materiality assessment. This will establish a robust methodology for assessing the financial significance of climate change impacts across our three-time horizons. Our strategy will be reviewed on an annual basis to ensure that we are assessing the resilience of and financial implications for our business against the potential climate-related risks and opportunities under each climate scenario.

Metrics and targets
At Whistl, we understand that to keep global temperature increases to below 1.5 degrees Celsius and to meet the UK Government's 2050 Net Zero commitment, we need to chart a credible and socially inclusive net zero reduction pathway.

This year, we have aligned with the latest climate science and best-practice principles of greenhouse gas reporting to ensure our baseline carbon footprint sets us on the right track from the start. Working with an independent third party ESG consultancy, we have reviewed our baseline carbon footprint, previously stated as 2019, to ensure we are setting a credible reference point against which emissions can be measured. To do so, we have built upon previous Scope 1, 2 and partial Scope 3 emissions reporting (Scope 3, Category 6 Business travel only) to ensure appropriate coverage for all material greenhouse gas emissions in line with science-based target principles. In accordance with these requirements, materially significant Scope 3 data has now been collected and has informed our revised baseline, redefined as 2022.

Our 2022 carbon footprint will therefore be used as the base year inventory going forwards to ensure comparable performance monitoring over time. We continually review and revisit our base year inventory however to ensure it remains representative of our business operations and the latest methodologies. Refer to pages 23 to 27, Carbon footprint disclosure.

Task Force on Climate-related Financial Disclosures

- For FY22, we fully comply with recommended disclosure 3a and 3c.
- For FY22, we partially comply with recommended disclosures 1a, 1b, 2a, 2b, 3b, 4a, 4b, 4c and 4d.
- For FY22, we do not comply with recommended disclosures 2c.

TCFD pillar	TCFD Recommended disclosures	Disclosure status	Next steps and other comments
Governance	1a) Describe the Board's oversight of climate-related risks and opportunities.	Partially compliant	Board Committees to consider climate-related issues when reviewing business strategies and budgets. This will include how our Board monitors and oversees progress against climate-related goals and targets.
	1b) Describe management's role in assessing and managing climate-related risks and opportunities.	Partially compliant	Changes to roles to include climate-related responsibilities for senior management in the Risk Committee and the ESG Committee across the organisation.
Strategy	2a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Partially compliant	Whistl to undertake a financial risk assessment of the climate-related risks and opportunities to identify material financial risks and disclose these over the defined time horizons, including assumptions and rationale behind the three time-horizons identified.
	2b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Partially compliant	Undertake impact assessments of climate-related risks and opportunities on our business strategy and financial planning and report to Risk Committee ESG Committee and Board of Management.
	2c) Describe the resilience of the organisation's strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario.	Disclosure not met	Develop an ESG strategy in FY23 and report on our performance and how climate-related risks and opportunities may affect progress against the strategy goals and targets.
Risk Management	3a) Describe the organisation's processes for identifying and assessing climate-related risks.	Compliant	Further develop processes for identifying existing and emerging regulatory requirements related to climate change.
	3b) Describe the organisation's processes for managing climate-related risks.	Partially compliant	Further develop processes for the management of climate-related opportunities to capitalise on the commercial value and quantify these climate-related financial impact.
	3c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Compliant	No further recommendations. We have met this disclosure in full.
Metrics and Targets	4a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities.	Partially compliant	Further develop and disclose robust climate-related KPIs and metrics (e.g. relating to energy, water, waste and land) and performance-related remunerations that are relevant to Whistl.
	4b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	Partially compliant	Explore further opportunities to diversify our green products and service offerings as well as the revenue generated from low carbon products and services.
	4c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Partially compliant	

Future outlook
We recognise that we are on a journey towards better understanding the climate-related risks and opportunities for our business. By the end of our next financial year, we will have developed Whistl's first net-zero transition plan, which will further shape and guide our journey towards a low carbon economy. Following the development of this transition plan, we will review our climate-related metrics and targets and measure progress against our baseline, as well as review our greenhouse gas methodologies in line with best practice.

As we develop our ESG Strategy and Net Zero Plan, we are continuously reviewing opportunities to broaden our climate-related metrics and targets such as those for energy, water, and waste. As part of this process, we are committed to ensuring a socially inclusive transition to net zero through ongoing and thorough engagement with our employees and key stakeholders. We understand that the climate crisis cannot be tackled alone, and we are working with our third party ESG consultancy to ensure that our business adopts well informed short-term decisions whilst considering climate-related opportunities and challenges in the medium and long-term strategic and financial planning.

Health and Safety
We have a comprehensive Health and 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 application and adherence to our H&S standards in 2022 has enabled us to remain below the industry average for days lost through injury and lost time.

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.

In 2022 we implemented a new reporting system to include the whole of the business.

	2022^	2021^^
Total Incidents Reported	**501**	375
Environmental Incidents	9	12
Security Incidents	28	13
Health & Safety Incidents	464	350
Total Injury Accidents Reported	**216**	**228**
Total Lost Time Incidents	**49**	**55**
Non RIDDOR Lost Days	117	95
RIDDOR Lost Days	871	1,275
Total Lost Days	**988**	**1,370**
RIDDOR Incidents	**23**	**21**
HSE/EHO Visits/Enquiries	**2**	**3**
Accident Frequency Rate (AFR)	**4.2**	**4.4**
Accident Severity Rate (ASR)	**38.6**	**46.8**
Near Miss %	**35%**	**27%**

^ FY22 Reporting covers all Whistl business units.
^^ Data includes DSA & Whistl Fulfilment Group and excludes Parcelhub and Whistl Fulfilment (SouthWest).
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).

Environment, Social and Governance (ESG) continued

Compliance and accreditation

Across the company 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
- To 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 – GDPR
- 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 Lloyds Registered; 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; registration number Z692857X	*Controls how personal information is used by organisations, businesses or the Government*
ISO 9001:2015 certified (DSA)	*International standard dedicated to Quality Management Systems*
ISO 27001:2013 Information Security (DSA)	*A set of standardised requirements for an Information Security Management System*
ISO 45001:2018 certified (DSA, Whistl Fulfilment and Parcelhub)	*International standard for health and safety at work*
ISO 14001:2015 Environmental, Health & Safety, Quality Management (DSA)	*The criteria for an environmental management system*
ISO 50001:2018 Energy Management (DSA)	*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*
RSQS (Retail Suppliers Qualification System)	*A supplier is complying with a minimum set of standards including CSR, legislation, information security and GDPR*
Ad NetZero	*To reduce the carbon impact of developing, producing and running UK advertising*

Ecovadis

We maintain a silver ranking from the international Ecovadis platform which evaluates companies on their environmental performance and corporate social responsibility. In the third year of assessment we have improved our score from 58% to 61% and are now in the top 20% of all companies rated by EcoVadis.

The EcoVadis certification takes into consideration four areas: Environment, Labour Practices, Fair Business and Sustainable Procurement. It is based on international CSR standards including the Global Reporting Initiative, the United Nations Global Compact, and the ISO 26000, covering 200 spend categories and 160 countries.

New accreditation in 2022

CHAS (Contractor Health and Safety) Advanced Standard which allows us to demonstrate our ability to ensure supply chain compliance, mitigate risks and support efficient supply chain management.

PAS91 (Publicly Available Specification) Standard which enables us to fast-track procurement process by demonstrating as a contractor that we already comply to the latest standards across a number of criteria. The accreditation covers Health and Safety, Bribery and Corruption, Fraud, Training, Compliance, legal and regulatory requirements across modern slavery and EDI.

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 their 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 2022 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 has access to a fully committed irrevocable £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 DSA part of 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, has made changes to the postal regulatory regime following its last review, and this framework will remain in place until 2027. Management considers this risk to be manageable and in control.

Credit risk
The Group has significant credit risk which is 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, where available 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.

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

Risk Management continued

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 operates an Information Security Management System (ISMS) aligned to the principles of ISO 27001, controls include but not limited to vulnerability management, penetration testing, 24/7 network monitoring, regular audits and routine access reviews.

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.

Inflationary pressures and supply chain
Inflationary pressures had already been increasing globally since 2021, as countries began to recover from the pandemic and the demand for goods and energy outpaced supply. This was exacerbated by Russia's invasion of Ukraine In February 2022. The war led to further increases in global energy prices and shortages of certain commodities, labour shortages, increasing fuel and energy prices and drastically reducing growth forecasts. Any increase in our cost-base is partially protected via clauses in our customer and supplier contracts.

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 meet 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 possess 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 our 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.

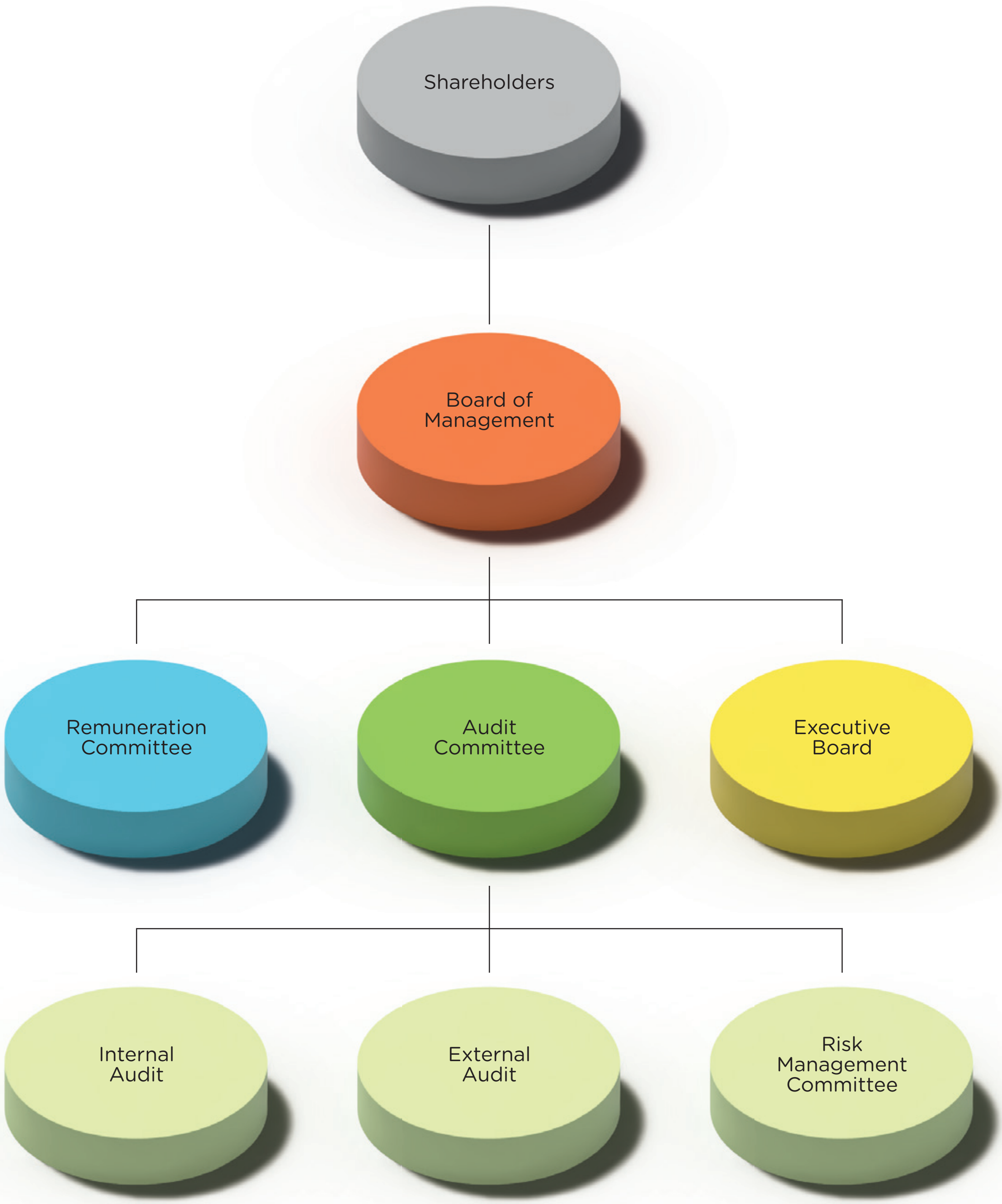
Climate-related risks and opportunities
At Whistl, we have integrated the monitoring of climate-related risks and opportunities into our principal risk management processes that comprise of control risk assessments, risk registers and reviews. Once we identify a climate-related risk and opportunity, we then categorise it according to Whistl's five key risk categories:

- Strategic
- Operational
- Financial
- Compliance
- Reputational

Once categorised, we assess the size and scope of the risk or opportunity based on the severity and likelihood of each risk actualising. We score both on a scale of one to four (minor to extreme for severity, and rare to almost certain for likelihood). If the inherent risk score is beyond our acceptable risk appetite, we work to mitigate, transfer, accept or control the risk.

Our Risk Management Committee evaluates, controls and updates our climate-related risks and opportunities on a regular basis as part of our Group control measures. The significance of each climate-related risk and opportunity is re-assessed following an evaluation and application of current control measures, and the resultant score is referred to as our residual risk score. Future controls and recommendations are also captured, producing a future risk score. This informs our strategic action planning.

GOVERNANCE STRUCTURE



For the year ended 31 December 2022, 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 2022 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, 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 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 Executive Board and Board of Management. He is an industry leading innovator and commentator.

Alistair Cochrane
Chief Operating Officer

Alistair became COO in 2023 having joined Whistl in 2018 as Chief Development Officer. He has overall responsibility for Parcels, International and IT. An industry veteran, he was with TNT Express for 28 years.

Nigel Polglass
Chief Commercial Officer

Nigel joined the company in 2008 and became CCO in 2023. 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 Account 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, having 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.

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.

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.

Lynn Dillon
HR Director

Lynn joined the business over 19 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.

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.

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 above).

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 Risk Management Committee 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 28.

We view climate issues as material to the day-to-day operations of our organisation and we continue to adhere to our ESG strategy and all relevant climate-related regulatory requirements. As we undergo our transformation to a climate-ready business, we understand that strong governance is imperative to efficiently manage corresponding climate-related risks and opportunities.

In 2023, we set up an ESG Committee reporting to the Executive Board. This committee is responsible for the development and implementation of our ESG strategy and carbon related matters, and reports on the progress against climate-related risks and opportunities as well as objectives and targets.

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 2022, 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 2022, 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 pages 16 and 17), 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 undertakes an annual employee engagement survey, MySay, and we have consistently achieved an overall Engagement score that is above the average for our sector, (see page 15).

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 37 is approved on behalf of the Board.

Manoj Parmar
Director
25 May 2023

Directors' Report for the year ended 31 December 2022

The Directors present their report and the audited consolidated financial statements of the Group for year ended 31 December 2022.

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

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 29 to 31.

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 14 to 17.

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 18 and 19.

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 14 to 17.

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 37.

Going concern
The Directors have prepared cash flow forecasts for the Group from the date of approval of the 2022 financial statements through to 31 May 2024 ("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 2024, 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:

- so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- 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.

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.

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
25 May 2023

Independent Auditor's Report to the Members of Whistl Consolidated 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 2022 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 2022 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 the period to 31 May 2024.

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 39, 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

25 May 2023

Consolidated Statement of Comprehensive Income for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	5	**770,143**	823,244
Cost of sales		**(726,205)**	(773,709)
Gross profit		**43,938**	49,535
Administrative expenses		**(51,731)**	(47,782)
Administrative expenses – Exceptional items	6	**(969)**	(4,000)
Total Administrative expenses		**(52,700)**	(51,782)
Other operating income		**45**	37
Operating profit:			
- Before amortisation, depreciation and exceptional items		**7,213**	15,592
- Amortisation and depreciation		**(14,961)**	(13,802)
- Exceptional items		**(969)**	(4,000)
Operating loss	6	**(8,717)**	(2,210)
Loss before interest and taxation		**(8,717)**	(2,210)
Interest receivable and similar income	9	**14**	-
Interest payable and similar expenses	10	**(1,028)**	(997)
Loss before taxation		**(9,731)**	(3,207)
Tax on loss	11	**(323)**	(971)
Loss for the financial year		**(10,054)**	(4,178)

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 47 to 66 form part of these statements.

Consolidated Statement of Financial Position as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	13	**71,500**	81,716
Tangible assets	14	**21,554**	22,731
		93,054	104,447
Current assets			
Stocks	16	**531**	473
Debtors	17	**94,942**	85,042
Cash at bank and in hand		**32,512**	40,770
Total current assets		**127,985**	126,285
Creditors: amounts falling due within one year	18	**(165,574)**	(169,217)
Net current liabilities		**(37,589)**	(42,932)
Total assets less current liabilities		**55,465**	61,515
Creditors: amounts falling due after one year	19	**(8,902)**	(5,069)
Provisions for liabilities	20	**(1,320)**	(1,185)
Net assets		**45,243**	55,261
Capital and reserves			
Called up share capital	23	**8**	8
Share Premium Account	23	**72,983**	72,983
Other reserves		**97**	61
Retained deficit		**(27,845)**	(17,791)
Total equity		**45,243**	55,261

The notes on pages 47 to 66 form part of these statements. The financial statements on pages 42 to 66 were approved by the Board on 25 May 2023 and were signed on its behalf by

Manoj Parmar
Director

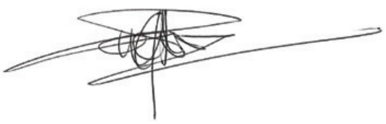
Registered number: 11995959

Company Statement of Financial Position as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investment in subsidiary undertakings	15	**93,264**	93,264
Current assets			
Debtors	17	**36**	42
Cash at bank and in hand		**3**	572
Total current assets		**39**	614
Creditors: amounts falling due within one year	18	**(19,230)**	(19,090)
Net current liabilities		**(19,191)**	(18,476)
Total assets less current liabilities		**74,073**	74,788
Creditors: amounts falling due after one year	19	**(1,141)**	(1,228)
Net assets		**72,932**	73,560
Capital and reserves			
Called up share capital	23	**8**	8
Share premium account	23	**72,983**	72,983
Other reserves		**97**	61
Retained (deficit)/earnings		**(156)**	508
Total equity		**72,932**	73,560

The notes on pages 47 to 66 form part of these statements.

The financial statements on pages 42 to 66 were approved by the board on 25 May 2023 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 2022

	Called up share capital £'000	Share Premium £'000	Other reserves £'000	Retained earnings/ (deficit) £'000	Total equity £'000
At 1 January 2021	**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**
Share based payment	-	-	36	-	36
Total comprehensive expense for the year	-	-	-	(10,054)	(10,054)
At 31 December 2022	**8**	**72,983**	**97**	**(27,845)**	**45,243**

Company Statement of Changes in Equity for the year ended 31 December 2022

	Called up share capital £'000	Share Premium £'000	Other reserves £'000	Retained earnings/ (deficit) £'000	Total equity £'000
At 1 January 2021	**8**	**72,983**	**27**	**965**	**73,983**
Share based payment	-	-	34	-	34
Purchase of own shares	-	-	-	(91)	(91)
Total comprehensive expense for the year	-	-	-	(366)	(366)
At 31 December 2021	**8**	**72,983**	**61**	**508**	**73,560**
Share based payment	-	-	36	-	36
Total comprehensive income for the year	-	-	-	(664)	(664)
At 31 December 2022	**8**	**72,983**	**97**	**(156)**	**72,932**

The notes on pages 47 to 66 form part of these statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Cash from operating activities before exceptional items		**(829)**	16,424
Exceptional items		**(969)**	(4,000)
Net cash from operating activities	25	**(1,798)**	12,424
Taxation paid		**(165)**	(135)
Net cash (outflow)/generated from operating activities		**(1,963)**	12,289
Cash flows from investing activities			
Purchase of subsidiary undertaking (net of acquired cash)		**(86)**	(5,725)
Purchases of intangible fixed assets		**(869)**	(427)
Purchases of tangible fixed assets		**(3,155)**	(13,133)
Proceeds from disposal of tangible fixed assets		**10**	23
Payment of deferred consideration		**(1,135)**	(2,501)
Interest received		**14**	-
Net cash outflow from investing activities		**(5,221)**	(21,763)
Cash flows from financing activities			
Purchase of own shares		**-**	(91)
Repayment of obligation under finance leases		**(46)**	(54)
Repayment of loan		**-**	(17,804)
Interest paid and similar expenses		**(1,028)**	(997)
Net cash used from financing activities		**(1,074)**	(18,946)
Net decrease in cash and cash equivalents		**(8,258)**	(28,420)
Cash and cash equivalents at beginning of year		**40,770**	69,190
Cash and cash equivalents		**32,512**	40,770
Cash and cash equivalents at end of year consist of:			
Cash at bank and in hand		**32,512**	40,770

The notes on pages 47 to 66 form part of these statements.

Notes to the Consolidated Financial Statements for the year ended 31 December 2022

1 General information

The principal activities of Whistl Consolidated Limited and its subsidiaries are mid-market multi-user warehouse fulfilment, business parcel brokerage, doordrop and e-commerce sampling and Downstream Access Mail. Whistl Consolidated Limited is a private company limited by shares, domiciled and incorporated in England and Wales. The address of the registered office is Network House, Third Avenue, Marlow, Buckinghamshire, SL7 1EY.

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 2022 financial statements through to 31 May 2024 ("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 2024, 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 2022. 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.

Notes to the Consolidated Financial Statements for the year ended 31 December 2022 (continued)

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

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.

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.

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.

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.

Notes to the Consolidated Financial Statements for the year ended 31 December 2022 (continued)

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 is it 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.

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 47 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.

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:

	2022 £'000	2021 £'000
Mail, Parcels and International (letters and parcels of various sizes)	**648,499**	700,484
Fulfilment	**78,894**	80,280
E-Commerce Marketing	**42,750**	42,480
	770,143	823,244

6 Operating loss

Operating loss is stated after charging/(crediting):

	2022 £'000	2021 £'000
Amortisation of goodwill	**10,633**	10,260
Amortisation of intangible fixed assets	**538**	603
Depreciation of tangible fixed assets	**3,790**	2,939
Loss from the disposal of tangible fixed assets	**3**	218
Impairment of trade debtors	**649**	243
Exceptional costs*	**969**	4,000
Grant income	**(256)**	(256)
Auditor's remuneration		
- as auditor	**312**	295
- other non-audit related services	**32**	29
Net loss on foreign currency translation	**6**	3
Operating lease charges:		
- Plant and machinery	**6,181**	6,005
- Other	**10,952**	9,176

* Exceptional costs of £1.0m were incurred 2022 which included loss on disposal of fixed assets of £0.5m in relation to Marlow and Farnborough office relocation. Other exceptional costs include £0.5m of M&A advisory costs.

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/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.

7 Employee information

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

	2022 Number	2021 Number
Sales, management, finance and administration	**569**	579
Operations	**1,957**	1,952
	2,526	2,531

The aggregate payroll costs of the above were:

	2022 £'000	2021 £'000
Wages and salaries	**68,411**	66,136
Social security costs	**6,842**	5,951
Other pension costs (note 26)	**2,174**	1,979
	77,427	74,066

8 Directors' emoluments

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

	2022 £'000	2021 £'000
Aggregate emoluments	**1,213**	875
Value of Group pension contributions to money purchase schemes	**30**	3
	1,243	878

Emoluments of highest paid Director:

	2022 £'000	2021 £'000
Aggregate emoluments	**383**	361
Value of Group pension contributions to money purchase schemes	**-**	-
	383	361

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

	2022 Number	2021 Number
Money purchase schemes	**2**	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

	2022 £'000	2021 £'000
Bank interest	**14**	-

10 Interest payable and similar expenses

	2022 £'000	2021 £'000
Bank interest and similar expenses	**361**	566
Other interest	**663**	421
Finance leases	**4**	9
Interest on overdue tax	**-**	1
	1,028	997

11 Tax on loss

The tax charge is based on the loss for the year and represents:

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on loss for the year at 19.0% (2021:19.0%)	**(628)**	(111)
Adjustment in respect of prior periods	**182**	(32)
Total current tax credit	**(446)**	(143)
Deferred tax (note 21)		
Origination and reversal of timing differences	**885**	1,825
Rate changes	**134**	(712)
Adjustment in respect of prior periods	**(250)**	1
Total tax charge for the year	**323**	971

The tax charge (2021: charge) on the loss for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19.0%.The differences are explained below.

	2022 £'000	2021 £'000
Loss on ordinary activities before taxation	**(9,731)**	(3,207)
Loss for the year multiplied by 19.0%	**(1,849)**	(609)
Items not deductible for tax purposes	**2,106**	1,607
Accelerated capital allowances	**-**	825
Adjustment in respect of prior periods	**(68)**	(31)
Rate changes	**134**	(712)
Other timing differences	**-**	(109)
Total tax charge for the year	**323**	971

In the 2021 Spring Budget, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This was substantively enacted in 2021 and is therefore used to measure UK deferred taxes in 2022. This increase in corporation tax rate will increase the company's future 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 £664,000 (2021: loss £366,000).

Notes to the Consolidated Financial Statements for the year ended 31 December 2022 (continued)

13 Intangible fixed assets – Group

	Purchased Goodwill £'000	Computer software/IT infrastructure £'000	Assets under construction £'000	Total £'000
Cost				
At 1 January 2022	**105,045**	**2,748**	**219**	**108,012**
Acquisitions through business combinations	86	-	-	86
Disposals	-	(70)	-	(70)
Additions	-	187	682	869
Transfer	-	712	(712)	-
At 31 December 2022	**105,131**	**3,577**	**189**	**108,897**
Amortisation				
At 1 January 2022	**24,570**	**1,726**	**-**	**26,296**
Disposals	-	(70)	-	(70)
Amortisation	10,633	538	-	11,171
At 31 December 2022	**35,203**	**2,194**	**-**	**37,397**
Net Book Value				
At 31 December 2022	**69,928**	**1,383**	**189**	**71,500**
At 31 December 2021	80,475	1,022	219	81,716

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 2022	**3,690**	**22,700**	**698**	**2,226**	**95**	**29,409**
Reclassification	-	(98)	-	-		(98)
Disposals	(1,080)	(107)	(84)	(112)	-	(1,383)
Additions	169	2,288	58	640	-	3,155
Transfer	715	(1,006)	87	204	-	-
At 31 December 2022	**3,494**	**23,777**	**759**	**2,958**	**95**	**31,083**
Depreciation						
At 1 January 2022	**709**	**4,462**	**491**	**938**	**78**	**6,678**
Reclassification	-	(98)	-	-		(98)
Disposals	(576)	(94)	(59)	(112)	-	(841)
Depreciation	551	2,368	128	736	7	3,790
Transfer	(55)	55	-	-	-	-
At 31 December 2022	**629**	**6,693**	**560**	**1,562**	**85**	**9,529**
Net Book Value						
At 31 December 2022	**2,865**	**17,084**	**199**	**1,396**	**10**	**21,554**
At 31 December 2021	2,981	18,238	207	1,288	17	22,731

Assets under construction of £807,000 (2021:£1,642,000) are included in Plant and machinery.

The net carrying amount of assets held under finance leases included in Plant and machinery amounted to £12,000 (2021: £122,000) and Motor vehicles of £nil (2021: £16,000).

15 Investments in Subsidiary undertakings – Company

Cost	2022 £'000
At 1 January 2022 & 31 December 2022	**93,264**
Net book value	-
31 December 2022	**93,264**
31 December 2021	93,264

At 31 December 2022 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 Network House, Third Avenue, Marlow, Buckinghamshire, SL7 1EY.

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

	2022 £'000	2021 £'000
Finished goods and goods for resale	**531**	473

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 £3,760,000 (2021: £5,337,000).

17 Debtors

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade debtors	**73,496**	66,431	**-**	-
Deferred Tax (note 21)	**391**	1,161	**-**	-
Corporation tax receivable	**485**	-	**36**	41
Other debtors	**416**	498	**-**	-
Prepayments and accrued income	**20,154**	16,952	**-**	1
	94,942	85,042	**36**	42

Amounts owed by Group undertakings relating to intra Group trading are unsecured, interest free and repayable on demand. An impairment provision of £711,000 (2021: £756,000) was recognised against trade debtors.

Group deferred tax includes £nil (2021: £893,000) falling due after more than one year.

Notes to the Consolidated Financial Statements for the year ended 31 December 2022 (continued)

18 Creditors: amounts falling due within one year

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade creditors	**62,802**	60,508	**-**	-
Amounts owed to Group undertakings	**-**	-	**19,229**	19,090
Finance leases (note 22)	**20**	43	**-**	-
Corporation tax	**-**	127	**-**	-
Taxation and social security	**21,281**	26,837	**-**	-
Other creditors	**3,245**	3,093	**-**	-
Accruals and deferred income	**78,226**	78,609	**1**	-
	165,574	169,217	**19,230**	19,090

Other creditors includes deferred consideration of £nil (2021: £1,160,000) 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 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Compound financial instrument/liability	**1,141**	1,228	**1,141**	1,228
Finance leases (note 22)	**-**	23	**-**	-
Other creditors	**240**	320	**-**	-
Accruals and deferred income	**7,521**	3,498	**-**	-
	8,902	5,069	**1,141**	1,228

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 £1,141,000 (2021: £1,228,000), 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.

20 Provisions for liabilities – Group

	Onerous Provision £'000	Total £'000
At 1 January 2022	1,185	**1,185**
Additions in the year	135	**135**
At 31 December 2022	1,320	**1,320**

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

21 Deferred tax

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

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Included in debtors (note 17)	**391**	1,161	**-**	-

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

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
At 1 January	**1,161**	2,274	**-**	-
Profit and loss account movement arising during the period	**203**	(1,826)	**-**	-
Acquisitions through business combinations	**-**	1	**-**	-
Utilisation of tax losses	**(839)**	-	**-**	-
Changes in tax rate	**(134)**	712	**-**	-
At 31 December	**391**	1,161	**-**	-

Expected net reversal of deferred tax assets and liabilities during 2023:

	Group £'000	Company £'000
At 31 December 2022	**391**	-
Profit and loss account movement expected during the period	**(1,741)**	-
At 31 December 2023	**(1,350)**	-

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

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Capital allowances in excess of depreciation	**(2,894)**	(2,878)	**-**	-
Tax losses	**3,239**	4,013	**-**	-
Short term timing differences	**46**	26	**-**	-
At 31 December	**391**	1,161	**-**	-

Deferred tax assets have been recognised in respect of all corporation tax losses and other temporary differences, giving rise to deferred tax assets, because, based on forecasted future profits and capital budgets, these assets are expected to be recovered.

The Group recognised a net deferred tax asset of £391,000 (2021: £1,161,000) relating to reversal of existing differences on tangible fixed assets and corporation tax losses carried forward at 31 December 2022. 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 asset/(liability) at 31 December 2022 and 31 December 2021.

22 Loans and other borrowings

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Finance leases	20	66	-	-
	20	66	-	-

Finance leases:

Future Payments due:	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Within one year	22	49	-	-
Within two and five years	-	21	-	-
Total gross payments	22	70	-	-
Less: finance charges	(2)	(4)	-	-
Carrying value of liability	20	66	-	-

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 2022:

	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 Number
As at 1 Jan 22 & 31 Dec 22	15,000,000	30,886,695	7,286,920	9,962,661	9,000,000	5,988,724	78,125,000

Share capital - allotted and fully paid in 2022: The company purchased/ (issued) its own shares during the year as follows;

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 Consideration £
Shares held in Treasury as at 1 January 2022	-	-	-	-	-	-	90,919
25 May 2022	-	-	-	136,979	-	-	14
As at 31 December 2022	-	-	-	136,979	-	-	90,933

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

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 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 £nil (2021: £27,000) and a charge of £36,000 (2021: £34,000) 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 (2021: £0.035) and an expected time frame from issue of share to exit of 10 years.

Notes to the Consolidated Financial Statements for the year ended 31 December 2022 (continued)

25 Notes to consolidated statement of cash flows

	2022 £'000	2021 £'000
Loss for the year before exceptional items	**(9,085)**	(178)
Exceptional items	**(969)**	(4,000)
Loss for the financial year	**(10,054)**	(4,178)
Adjustments for:		
Tax on loss	**323**	971
Net interest expense	**1,014**	997
Operating loss	**(8,717)**	(2,210)
Amortisation of purchased goodwill	**10,633**	10,260
Amortisation of intangible fixed assets	**538**	603
Depreciation of tangible fixed assets	**3,790**	2,939
Loss on disposal of tangible fixed assets	**532**	218
Government grants	**(256)**	(256)
Equity settled share based payment expense	**36**	34
Working capital movements:		
- (Increase)/decrease in stocks	**(58)**	146
- (Increase)/decrease in debtors	**(10,185)**	5,841
- Increase/(decrease) in payables	**1,889**	(5,151)
Cash from operating operations	**(1,798)**	12,424

Analysis of changes in net cash:	At 1 Jan 2022 £'000	Acquisition £'000	Cash flows in the year £'000	At 31 Dec 2022 £'000
Cash at bank and in hand	**40,770**	**-**	**(8,258)**	**32,512**

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 £2,174,000 (2021: £1,979,000).

There were £186,000 accrued pension contributions at 31 December 2022 (2021: £163,000).

27 Guarantees

The Group is subject to a multilateral guarantee by other Group entities. The Group can draw on a fully committed £75m (2021: £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 as at 31 December 2022 to related parties/ undertakings are disclosed below:

	Purchase/ recharges to Whistl Group 2022 £'000	**Amounts due by Whistl Group 2022 £'000**	Purchase/ recharges to Whistl Group 2021 £'000	Amounts due by Whistl Group 2021 £'000
Business Growth Fund (BGF)	**81**	**-**	78	-
PostNL Data Solutions B.V.	**279**	**81**	236	87
Prime Vision B.V.	**227**	**201**	44	44
	587	**282**	358	131

The Group has a trading relationship with Lifecycle Marketing (Mother and Baby) Limited in which Nick Wells was a Director and resigned 21 January 2022. The revenue from transactions with the company for the year ended 31 December 2022 amounted to £12,000 (2021: £1,115,000) with an amount of £14,000 (2021: £225,000) 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 2022 amounted to £485,000 (2021: £758,000) with an amount of £16,000 (2021: £19,000) due to the Group at the year-end. The expenditure incurred with the company by the Group for the year ended 31 December 2022 amounted to £14,000 (2021: £nil) with an amount of £2,000 (2021: £nil) 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:

	2022 £'000	**2021 £'000**
Within one year	**19,907**	14,301
Within two and five years	**50,542**	50,064
Over five years	**29,138**	38,267
	99,587	102,632

30 Financial instruments

The Group has the following financial instruments:

	2022 £'000	2021 £'000
Financial assets at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost:		
- Trade debtors (note 17)	**73,496**	66,431
- Other debtors (note 17)	**416**	498
	73,912	66,929
Financial assets that are equity instruments measured at cost less impairment.	-	-
Financial liabilities at fair value through profit and loss	-	-
Financial liabilities measured at amortised cost:		
- Trade creditors (note 18)	**(62,802)**	(60,508)
- Other creditors (note 18 & 19)	**(3,485)**	(3,413)
- Compound financial instrument (note 19)	**(1,141)**	(1,228)
- Finance leases (note 18 & 19)	**(20)**	(66)
	(67,448)	(65,215)

The company has the following financial instruments:

	2022 £'000	2021 £'000
Financial assets that are equity instruments measured at cost less impairment	-	-
Financial liabilities at fair value through profit and loss		
Financial liabilities measured at amortised cost:	-	-
- Amounts owed to Group undertakings (note 18)	**(19,229)**	(19,090)
- Compound financial instrument (note 19)	**(1,141)**	(1,228)
	(20,370)	(20,318)

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 that 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. Additional acquisition consideration of £86,000 were incurred in 2022 and have been capitalised.

In the year ended 31 December 2021, revenue of £5,458,000 (2021: £577,000) and a profit before tax of £231,000 (2021: loss £126,000) were included in the consolidation income statement in respect of Relish Agency Limited since the acquisition date.

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
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) Ltd ^	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 ^	UK *	Ecommerce Marketing (brand partnership & sampling)	100	Whistl UK 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 Network House, Third Avenue, Marlow, Buckinghamshire, SL7 1EY.

^ Entities are indirectly held
= Entity exempt from audit.

Notes to the Consolidated Financial Statements for the year ended 31 December 2022 (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 Network House, Third Avenue, Marlow, Buckinghamshire, SL7 1EY.

Directors and Advisors
for the year ended 31 December 2022

Directors

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

Company secretary

J Evans

Registered office

Network House
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United Kingdom
SL7 1EY

Independent auditor

Ernst & Young LLP
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RG1 1AZ

Banker

HSBC Bank Plc
26 Broad Street
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Berkshire
RG1 2BU

Solicitor

Field Seymour Parkes
1 London Street
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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
CEO	Chief Executive Officer
COO	Chief Operating Officer
CFO	Chief Finance Officer
CCMA	Call Centre Management Association
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
End to End	From collection of mail through to sortation and delivery to homes or businesses
ESG	Environment, Social and Governance
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
NPS	Net Promoter Score
Ofcom	Office for Communications, the Postal Regulator
OMS	Order Management System
ONS	Office for National Statistics
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
TCFD	Task Force on Climate-related Financial Disclosures
TMS	Transport Management System
Upstream	Collection of mail from a client and sorted, ready for injection into Royal Mail

Whistl Consolidated Limited
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