

Registered number:  
08609014

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**SORTED HOLDINGS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2020**



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**SORTED HOLDINGS LIMITED**

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**GROUP INFORMATION**

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|----------------------------|--|
| <b>Directors</b>           | D Grimes<br>M Fletcher<br>J D Summers<br>A W Leach - (Resigned on 23 April 2020)<br>P Ramsden - (Appointed on 23 April 2020)<br>T R Levett - (Appointed on 20 July 2020)<br>C C Carey - (Appointed on 23 April 2020) |
| <b>Registered number</b>   | 08609014   |
| <b>Registered office</b>   | 3rd Floor<br>The Union<br>Albert Square<br>Manchester<br>M2 6LW  |
| <b>Independent auditor</b> | Grant Thornton UK LLP<br>Chartered Accountants & Statutory Auditor<br>4 Hardman Square<br>Spinningfields<br>Manchester<br>M3 3EB   |

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**SORTED HOLDINGS LIMITED**

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## SORTED HOLDINGS LIMITED

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### STRATEGIC REPORT

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#### Introduction

The directors present their strategic report for Sorted Holdings Limited ("Sorted") for the 16 months ended 30 September 2020. During the year, the group changed its reference date from 31 May to 30 September to align with the sales cycle resulting in a long period of 16 months for the current period (this means results are not directly comparable).

#### Business review

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

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

The group also provided the provision of online parcel delivery service through its subsidiary - Myparceldelivery.com Limited which the group sold 100% of its shares on 17 June 2020.

#### Results and developments

The group has continued to enjoy strong growth in the SaaS part of the business, with the 16 months revenue of £4,324K (12 months ended 31 May 2019: £1,594K), overall group revenue of £5,211K (12 months ended 31 May 2019: £2,688K) as the number of client wins increased during the period and we continue to win market share. Net client retention has improved on the prior period now at 100% as we continue to deliver market leading services and products. The shift in consumer trends to online shopping has been accelerated by COVID-19 which has increased the throughput on the platform as well as revenue. We expect this shift to continue into 2021.

The group has continued to invest heavily in its products adding new features and carriers to keep up with the demand of its clients and market. EBITDA has remained flat compared with the prior period as the group's continued investment in its products exceeds the increase in revenue.

As enhancement of the platform continues, this has led to an addition in capitalised development costs during the year of £4.6m and total software development costs at £13.0m at period end with the growth in the platform surpassing the prior period.

As part of the group's strategy to concentrate on the development of its SaaS platform the group sold its investment in Myparceldelivery.com Limited on 17 June 2020.

The shares were sold at fair value (£150) with a gain of £50K on disposal.

In January 2021, the parent company of Sorted Group Limited finalised its most recent round of funding securing £11.6m of investment in the form of convertible loan notes. This was from the government's Future Fund including, existing and new investors

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**SORTED HOLDINGS LIMITED**


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**STRATEGIC REPORT**


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

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

|                      | <b>16 months<br/>to 30<br/>September<br/>2020</b> | <i>12 months<br/>to 31<br/>May<br/>2019</i> |
|----------------------|---|---|
| Revenue              | <b>£5,211K</b>                                    | <i>£2,688K</i>                              |
| Net client retention | <b>100%</b>                                       | <i>95%</i>                                  |
| EBITDA               | <b>(£5,382K)</b>                                  | <i>(£5,581K)</i>                            |

**Market**

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

**Principal risks and uncertainties**

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

**Credit risk**

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

**Online security risk**

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

**Competition risk**

The group is continually investing in its platform to become market leader, this focus reduces the competition risk as we will ensure we stay ahead of the competition. As well as the high-cost barriers to entry this helps to lower the competition risk.

**Liquidity risk**

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

This report was approved by the board of directors on the 11<sup>th</sup> February 2021 and signed on its behalf by:

*David Grimes*.....

**D Grimes**  
Director

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## SORTED HOLDINGS LIMITED

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### DIRECTORS REPORT

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The directors present their report and the financial statements for the period ended 30 September 2020.

#### Principal activities

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

#### Results and dividends

The loss for the period, after taxation, amounted to £6,883,000 (*for the 12 months ended 31 May 2019 - loss £6,700,000*).

The directors do not recommend the payment of a dividend.

During the period, the group issued and allotted Ordinary shares 26,779 shares of £0.01 each which has added £267 to share capital and £13,506K to share premium.

#### Directors

The directors who served during the period were:

D Grimes  
M Fletcher  
J D Summers  
A W Leach - (Resigned on 23 April 2020)  
P Ramsden - (Appointed on 23 April 2020)  
T R Levett - (Appointed on 20 July 2020)  
C C Carey - (Appointed on 23 April 2020)

#### Future development

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

#### Research and development activities

The group continues to develop its software platform which links e-commerce retailers to carriers. During the period, the group incurred research and development expenditure of which £4,580K (*for the 12 months ended 31 May 2019: £3,404K*) was capitalised within intangibles (see note 12).

#### Post balance sheet events

Post period end the group finalised its most recent round of funding securing £11.6m of investment in the form of convertible loan notes. This was from the government's Future Fund including existing and new investors.

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**SORTED HOLDINGS LIMITED**

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**DIRECTORS REPORT (CONTINUED)**

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**Going concern**

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

In January 2021 the group finalised its most recent round of funding securing £11.6m of investment. This was from the governments Future Fund including, existing and new investors. This together with the growth in revenue the group continues to adopt the going concern basis in preparing the statutory report and financial statements.

The impact of COVID-19 has accelerated the shift to online shopping increasing the demand for the mission critical software as retailers have had to focus on this channel. The group is in a strong position to support and exploit this opportunity, having already confirmed a number of new enterprise customer contracts which we expect to continue.

**Disabled employees**

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

**Employee involvement**

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

**Qualifying third party indemnity provisions**

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

**Disclosure of information to auditor**

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

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

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**SORTED HOLDINGS LIMITED**

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**DIRECTORS REPORT (CONTINUED)**

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**Directors' responsibilities statement**

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period.

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

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

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

This report was approved by the board on 11<sup>th</sup> February 2021 and signed on its behalf.

*David Grimes*

**D Grimes**  
**Director**



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

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### Opinion

We have audited the financial statements of Sorted Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period from 1 June 2019 to 30 September 2020, which comprise Consolidated statement of comprehensive income, Consolidated and Company statements of financial positions, Consolidated and Company statements of changes in equity, Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2020 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



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**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SORTED HOLDINGS LIMITED  
(CONTINUED)**

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**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the strategic and directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the 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 the directors' report.



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**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SORTED HOLDINGS LIMITED  
(CONTINUED)**

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page five, 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.

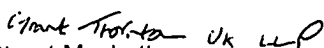
**Auditor's responsibilities for the audit of the financial statements**

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**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.

  
Stuart Musket  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester  
Date: 11<sup>th</sup> February 2021

## SORTED HOLINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

|  | Note | 16 months ended 30 Sept 20     |                                  |                       | 12 months ended 31 May 19      |                                  |                       |
|--|------|--------------------------------|----------------------------------|-----------------------|--------------------------------|----------------------------------|-----------------------|
|  |      | Continuing operations<br>£'000 | Discontinued operations<br>£'000 | Total<br>£'000        | Continuing operations<br>£'000 | Discontinued operations<br>£'000 | Total<br>£'000        |
| <b>Revenue</b>                                 | 4    | 4,324                          | 887                              | 5,211                 | 1,594                          | 1,094                            | 2,688                 |
| Operating and administrative expenses          |      | (13,157)                       | (759)                            | (13,916)              | (8,864)                        | (1,401)                          | (10,265)              |
| <b>Operating loss</b>                          | 5    | <u>(8,833)</u>                 | <u>128</u>                       | <u>(8,706)</u>        | <u>(7,270)</u>                 | <u>(307)</u>                     | <u>(7,578)</u>        |
| Interest receivable and similar income         | 9    | 6                              | -                                | 6                     | -                              | -                                | -                     |
| Interest payable and similar expenses          | 10   | (168)                          | (1)                              | (169)                 | (226)                          | -                                | (226)                 |
| <b>Loss before taxation</b>                    |      | <u>(8,995)</u>                 | <u>127</u>                       | <u>(8,868)</u>        | <u>(7,496)</u>                 | <u>(307)</u>                     | <u>(7,804)</u>        |
| Tax on loss                                    | 11   | 1,985                          | -                                | 1,985                 | 1,104                          | -                                | 1,104                 |
| <b>Loss for the financial period</b>           |      | <u><u>(7,010)</u></u>          | <u><u>127</u></u>                | <u><u>(6,883)</u></u> | <u><u>(6,392)</u></u>          | <u><u>(307)</u></u>              | <u><u>(6,700)</u></u> |
| <b>Total comprehensive loss for the period</b> |      | <u><u>(7,010)</u></u>          | <u><u>127</u></u>                | <u><u>(6,883)</u></u> | <u><u>(6,392)</u></u>          | <u><u>(307)</u></u>              | <u><u>(6,700)</u></u> |

There were no other items of comprehensive income for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

The notes on pages 16 to 37 form part of these financial statements.

## SORTED HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020

|   | Note | 16 months<br>ended 30<br>Sept 2020<br>£'000 | 12 months<br>ended 31<br>May 2019<br>£'000 |
|---|------|---|--|
| <b>Fixed assets</b>                                     |      |   |  |
| Intangible assets                                       | 12   | 6,951                                       | 5,568                                      |
| Tangible assets   | 13   | 259   | 433  |
|   |      | <u>7,210</u>                                | <u>6,001</u>                               |
| <b>Current assets</b>                                   |      |   |  |
| Debtors: amounts falling due within one year            | 15   | 3,047                                       | 1,581                                      |
| Cash at bank and in hand                                | 16   | 3,328                                       | 521  |
|   |      | <u>6,374</u>                                | <u>2,102</u>                               |
| Creditors: amounts falling due within one year          | 17   | (4,065)                                     | (4,707)                                    |
| <b>Net current assets /(liabilities)</b>                |      | <u>2,309</u>                                | <u>(2,605)</u>                             |
| <b>Total assets less current liabilities</b>            |      | <u>9,519</u>                                | <u>3,396</u>                               |
| Creditors: amounts falling due after more than one year | 18   | -   | (500)                                      |
| <b>Net assets</b>                                       |      | <u><u>9,519</u></u>                         | <u><u>2,896</u></u>                        |
| <b>Capital and reserves</b>                             |      |   |  |
| Called up share capital                                 | 22   | 1   | 1  |
| Share premium account                                   | 23   | 34,066                                      | 20,560                                     |
| Profit and loss account                                 | 23   | (24,548)                                    | (17,665)                                   |
|   |      | <u><u>9,519</u></u>                         | <u><u>2,896</u></u>                        |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11th February 2021.

*David Grimes*

**D Grimes**  
Director

The notes on pages 16 to 38 form part of these financial statements.

## SORTED HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020

|   | Note | 16 months<br>ended 30<br>Sept 2020<br>£'000 | 12 months<br>ended 31<br>May 2019<br>£'000 |
|---|------|---|--|
| <b>Fixed assets</b>                                     |      |   |  |
| Investments   | 14   | -   | 400  |
|   |      | <u>-</u>                                    | <u>400</u>                                 |
| <b>Current assets</b>                                   |      |   |  |
| Debtors   | 15   | 26,819                                      | 21,706                                     |
|   |      | <u>26,819</u>                               | <u>21,706</u>                              |
| Creditors: amounts falling due within one year          | 17   | (846)                                       | (2,452)                                    |
| <b>Net current assets</b>                               |      | <u>25,973</u>                               | <u>19,254</u>                              |
| <b>Total assets less current liabilities</b>            |      | <u>25,973</u>                               | <u>19,654</u>                              |
| Creditors: amounts falling due after more than one year | 18   | -   | (500)                                      |
| <b>Net assets</b>                                       |      | <u>25,973</u>                               | <u>19,154</u>                              |
| <b>Capital and reserves</b>                             |      |   |  |
| Called up share capital                                 | 22   | 1   | 1  |
| Share premium account                                   | 23   | 34,066                                      | 20,560                                     |
| Profit and loss account                                 | 23   | (8,094)                                     | (1,407)                                    |
|   |      | <u>25,973</u>                               | <u>19,154</u>                              |

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the period was £6,686,872 (12 months ended 31 May 2019: £525,208).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11<sup>th</sup> February 2021.

*David Grimes*  
D Grimes  
Director

The notes on pages 16 to 38 form part of these financial statements.

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**SORTED HOLDINGS LIMITED**

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

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2019**

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|  | Called up<br>share capital | Share<br>premium<br>account | Profit and<br>loss account | Total equity   |
|--|----------------------------|-----------------------------|----------------------------|----------------|
|  | £'000                      | £'000                       | £'000                      | £'000          |
| <b>At 1 June 2018</b>                        | <b>1</b>                   | <b>10,011</b>               | <b>(10,965)</b>            | <b>(952)</b>   |
| Loss for the year                            | -                          | -                           | (6,700)                    | (6,700)        |
| <b>Total comprehensive loss for the year</b> | <b>-</b>                   | <b>-</b>                    | <b>(6,700)</b>             | <b>(6,700)</b> |
| Shares issued during the year                | -                          | 10,549                      | -                          | 10,548         |
| <b>Total transactions with owners</b>        | <b>-</b>                   | <b>10,549</b>               | <b>-</b>                   | <b>10,548</b>  |
| <b>At 31 May 2019</b>                        | <b>1</b>                   | <b>20,560</b>               | <b>(17,665)</b>            | <b>2,896</b>   |

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**SORTED HOLDINGS LIMITED**


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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**


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

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2019**


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|  | Called up<br>share capital | Share<br>premium<br>account | Profit and<br>loss account | Total equity  |
|--|----------------------------|-----------------------------|----------------------------|---------------|
|  | £'000                      | £'000                       | £'000                      | £'000         |
| <b>At 1 June 2018</b>                        | <b>1</b>                   | <b>10,011</b>               | <b>(882)</b>               | <b>9,130</b>  |
| Loss for the year                            | -                          | -                           | (525)                      | (525)         |
| <b>Total comprehensive loss for the year</b> | <b>-</b>                   | <b>-</b>                    | <b>(525)</b>               | <b>(525)</b>  |
| Shares issued during the year                | -                          | 10,549                      | -                          | 10,549        |
| <b>Total transactions with owners</b>        | <b>-</b>                   | <b>10,549</b>               | <b>-</b>                   | <b>10,549</b> |
| <b>At 31 May 2019</b>                        | <b>1</b>                   | <b>20,560</b>               | <b>(1,407)</b>             | <b>19,154</b> |

The notes on pages 16 to 38 form part of these financial statements.

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**SORTED HOLDINGS LIMITED**


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


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|   | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <i>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</i> |
|---|--|--|
| <b>Cash flows from operating activities</b>   |  |  |
| Loss for the financial period                 | (6,883)  | (6,700)  |
| <b>Adjustments for:</b>                       |  |  |
| Amortisation of intangible assets             | 3,196  | 1,804  |
| Depreciation of tangible assets               | 255  | 192  |
| Interest payable and similar charges          | 169  | 226  |
| Interest receivable and similar income        | (6)  | -  |
| Loss/ (profit) on disposal of tangible assets | 21   | (1)  |
| Increase in debtors                           | (584)  | (91)   |
| Increase in amounts due to related parties    | -  | (1,250)  |
| Increase in creditors                         | 646  | 391  |
| Taxation credit                               | (1,985)  | (1,104)  |
| Corporation taxes received                    | 1,104  | 902  |
| <b>Net cash used in operating activities</b>  | <b>(4,068)</b>   | <b>(5,631)</b>   |
| <b>Cash flows from investing activities</b>   |  |  |
| Expenditure on intangible fixed assets        | (4,600)  | (3,427)  |
| Purchase of tangible fixed assets             | (81)   | (49)   |
| Sale of tangible fixed assets                 | 1  | 4  |
| Sale of subsidiary                            | 0  | -  |
| <b>Net cash used in investing activities</b>  | <b>(4,680)</b>   | <b>(3,472)</b>   |

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**SORTED HOLDINGS LIMITED**


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


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|   | 2020<br>£'000 | 2019<br>£'000  |
|---|---------------|----------------|
| <b>Cash flows from financing activities</b>                     |               |                |
| Proceeds from issue of ordinary share capital                   | 11,006        | 8,049          |
| Repayment of bank loans   | (656)         | -              |
| Consideration received in advance of shares                     | 1,250         | 1,250          |
| Interest paid   | (50)          | (111)          |
| Interest received   | 6             | -              |
| <b>Net cash generated from financing activities</b>             | <u>11,556</u> | <u>9,188</u>   |
| <b>Net increase in cash and cash equivalents</b>                | <u>2,807</u>  | <u>85</u>      |
| <b>Cash and cash equivalents at beginning of period</b>         | 521           | 436            |
| Increase in cash during the period                              | 2,807         | 85             |
| <b>Cash and cash equivalents at the end of period</b>           | <u>3,328</u>  | <u>521</u>     |
| <b>Cash and cash equivalents at the end of period comprise:</b> |               |                |
| Cash at bank and in hand  | 3,328         | 521            |
| Debt due in less than one year                                  | (500)         | (1,906)        |
| Debt due in more than one year                                  | <u>-</u>      | <u>(500)</u>   |
| <b>Total net cash/(debt)</b>                                    | <u>2,828</u>  | <u>(1,885)</u> |

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

The notes on pages 16 to 38 form part of these financial statements.

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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**1. General information**

Sorted Holdings Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 3rd Floor, The Union, Albert Square, Manchester, M2 6LW.

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

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

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

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

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

**2.2 Basis of consolidation**

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

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

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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**2.3 Going concern**

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

In January 2021 the group finalised its most recent round of funding securing £11.6m of investment. This was from the government's Future Fund including, existing and new investors. This together with the growth in revenue the group continues to adopt the going concern basis in preparing the statutory report and financial statements.

The impact of COVID-19 has accelerated the shift to online shopping increasing the demand for the mission critical software as retailers have had to focus on this channel. The group is in a strong position to support and exploit this opportunity, having already confirmed a number of new enterprise customer contracts which we expect to continue.

**2.4 Revenue**

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

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

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

**2.5 Research and development**

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

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

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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**2. Accounting policies (continued)**

**2.6 Finance costs**

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

**2.7 Borrowing costs**

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

**2.8 Intangible assets**

**Goodwill**

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

**Other intangible assets**

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

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

The estimated useful lives are as follows:

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

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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**2. Accounting policies (continued)**

**2.9 Tangible fixed assets**

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

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

Depreciation is provided on the following basis:

|                        |       |
|------------------------|-------|
| Leasehold improvements | - 25% |
| Computer equipment     | - 33% |

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

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

**2.10 Impairment of fixed assets and goodwill**

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

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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**2. Accounting policies (continued)**

**2.11 Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

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

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

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

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

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

**2.12 Debtors**

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

**2.13 Cash and cash equivalents**

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

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

**2.14 Creditors**

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

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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**2. Accounting policies (continued)**

**2.15 Pensions**

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

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

**2.16 Financial instruments**

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an *out-right short-term loan not at market rate*, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

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

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

**Critical accounting judgements and estimates**

*System development costs capitalised within intangible fixed assets*

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

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

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

*Impairment review of intangible fixed assets*

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

*Deferred tax*

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

**4. Turnover**

The whole of the turnover is attributable to the principal activity of the group and arose in the United Kingdom.

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**


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**5. Operating loss**

The operating loss is stated after charging:

|   | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <i>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</i> |
|---|--|--|
| Amortisation of intangible assets           | 3,196  | 1,804  |
| Depreciation of tangible fixed assets       | 255  | 192  |
| Operating lease rental – Land and buildings | 501  | 376  |
| Operating lease rental – Other              | 52   | 38   |
| Loss/(profit) on disposal                   | 21   | (1)  |

**6. Auditor's remuneration**

|  | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <i>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</i> |
|--|--|--|
| Audit of the accounts                    | 23   | 20   |
| Taxation compliance services             | 3  | 3  |
| All other taxation advisory services     | 1  | 19   |
| All non-audit services not covered above | 3  | 3  |
|  | <u>30</u>  | <u>45</u>  |

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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**7. Employees**

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

|                                    | <b>16 months<br/>ended 30<br/>September<br/>2020</b> | <i>12 months<br/>ended 31<br/>May<br/>2019</i> |
|------------------------------------|--|--|
|                                    | <b>No.</b>   | <i>No.</i>                                     |
| Operating and administrative staff | <u>93</u>  | <u>95</u>                                      |

Staff costs including director's remuneration were as follows:

|                       | <b>16 months<br/>ended 30<br/>September<br/>2020</b> | <i>12 months<br/>ended 31<br/>May<br/>2019</i> |
|-----------------------|--|--|
|                       | <b>£'000</b>   | <i>£'000</i>                                   |
| Wages and salaries    | 7,066  | 5,168  |
| Social security costs | 825  | 597  |
| Pensions costs        | <u>306</u>   | <u>216</u>                                     |
|                       | <b><u>8,197</u></b>                                  | <i><u>5,981</u></i>                            |

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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**8. Directors' remuneration**

|                       | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <i>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</i> |
|-----------------------|--|--|
| Directors' emoluments | 327  | 142  |
| Pensions              | 13   | 6  |

The highest paid director received remuneration of £223K (12 months ended 31 May 2019: £129K) and pension contributions of £10K (12 months ended 31 May 2019: £6K).

**9. Interest receivable and similar income**

|                          | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <i>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</i> |
|--------------------------|--|--|
| Bank interest receivable | 6  | -  |

**10. Interest payable and similar expenses**

|                       | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <i>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</i> |
|-----------------------|--|--|
| Loan interest payable | 166  | 226  |
| Bank interest         | 3  | -  |
| <b>Total</b>          | <b>169</b>   | <b>226</b>   |

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**


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**11. Taxation**

|   | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <i>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</i> |
|---|--|--|
| <b>Current tax</b>                                | <b>(1,789)</b>   | <i>(1,104)</i>   |
| Adjustment in respect of prior period current tax | (196)  | -  |
| <b>Total current tax</b>                          | <u><b>(1,985)</b></u>  | <u><i>(1,104)</i></u>                                    |
| <b>Total deferred tax</b>                         | <u>-</u>   | <u>-</u>   |
| <b>Taxation on loss on ordinary activities</b>    | <u><b>(1,985)</b></u>  | <u><i>(1,104)</i></u>                                    |

**Factors affecting tax credit for the period**

The tax assessed for the period is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

|  | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <i>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</i> |
|--|--|--|
| Loss on ordinary activities before tax   | <u><b>(8,868)</b></u>  | <u><i>(7,803)</i></u>                                    |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%) | (1,685)  | (1,482)  |
| <b>Effects of:</b>   |  |  |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                | 75   | 17   |
| Capital allowances for period in excess of depreciation  | 20   | 17   |

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**


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|   |                |                |
|---|----------------|----------------|
| Adjustment in research and development tax credit leading to a decrease in the tax charge | (770)          | (475)          |
| Other differences leading to an increase in the tax charge                                | (195)          | 85             |
| Deferred tax not recognised   | 790            | 726            |
| Adjustments in respect of prior periods   | (196)          | 8              |
| Remeasurement of deferred tax for changes in tax rates                                    | (24)           | -              |
| <b>Total tax credit for the period</b>  | <u>(1,985)</u> | <u>(1,104)</u> |

At 30 September 2020, the group had utilisable tax trading losses carried forward of £17.0m (2019: £16.2m). A deferred tax asset of £2.0m has not been recognised (2019: £1.4m). A deferred tax asset was not recognised for UK tax losses as at 30 September 2020 as the directors expect that the losses will not be utilised during the next 12 month period.

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, results in the rate applicable from 1 April 2020 now remains at 19% rather than the previously enacted reduction to 17%. The group has continued to remeasure its UK deferred tax balances at the end of the reporting period at the rate of 19%. The previously recognised deferred tax balances at 17% have now been recognised at 19%.

## SORTED HOLDINGS LIMITED

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## 12. Intangible assets

|                       | Software development costs<br>£'000 | Goodwill<br>£'000 | Domain name<br>£'000 | Computer software costs<br>£'000 | Website implementation cost<br>£'000 | Total<br>£'000 |
|-----------------------|-------------------------------------|-------------------|----------------------|----------------------------------|--------------------------------------|----------------|
| <b>Cost</b>           |                                     |                   |                      |                                  |                                      |                |
| At 1 June 2019        | 9,581                               | 317               | 160                  | 10                               | 14                                   | 10,082         |
| Additions             | 4,580                               | -                 | -                    | -                                | 20                                   | 4,600          |
| Disposals             | (1,157)                             | (317)             | -                    | -                                | -                                    | (1,474)        |
| At 30 September 2020  | <u>13,004</u>                       | <u>-</u>          | <u>160</u>           | <u>10</u>                        | <u>34</u>                            | <u>13,208</u>  |
| <b>Amortisation</b>   |                                     |                   |                      |                                  |                                      |                |
| At 1 June 2019        | (4,165)                             | (317)             | (28)                 | (2)                              | (2)                                  | (4,514)        |
| Charge for the period | (3,156)                             | -                 | (22)                 | (4)                              | (15)                                 | (3,196)        |
| Disposals             | 1,136                               | 317               | -                    | -                                | -                                    | 1,453          |
| At 30 September 2020  | <u>(6,184)</u>                      | <u>-</u>          | <u>(50)</u>          | <u>(6)</u>                       | <u>(17)</u>                          | <u>(6,257)</u> |
| <b>Net book value</b> |                                     |                   |                      |                                  |                                      |                |
| At 30 September 2020  | <u>6,820</u>                        | <u>-</u>          | <u>110</u>           | <u>4</u>                         | <u>17</u>                            | <u>6,951</u>   |
| At 31 May 2019        | <u>5,416</u>                        | <u>-</u>          | <u>132</u>           | <u>8</u>                         | <u>12</u>                            | <u>5,568</u>   |

The company had no intangible assets at 30 September 2020 (31 May 2019: £nil)

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**13. Tangible assets**

|                          | <b>Fixtures,<br/>fittings and<br/>leasehold<br/>property<br/>£000</b> | <b>Computer<br/>equipment<br/>£000</b> | <b>Total<br/>£000</b> |
|--------------------------|---|--|-----------------------|
| <b>Cost</b>              |   |  |                       |
| At 1 June 2019           | 585   | 210                                    | 795                   |
| Additions                | -   | 81                                     | 81                    |
| Disposals                | (18)  | (41)                                   | (59)                  |
| At 30 September 2020     | <u>567</u>  | <u>250</u>                             | <u>817</u>            |
| <b>Depreciation</b>      |   |  |                       |
| At 1 June 2019           | (235)   | (127)                                  | (362)                 |
| Charge for the period    | (176)   | (78)                                   | (255)                 |
| Depreciation on disposal | 18  | 41                                     | 59                    |
| At 30 September 2020     | <u>(394)</u>  | <u>(164)</u>                           | <u>(558)</u>          |
| <b>Net book value</b>    |   |  |                       |
| At 30 September 2020     | <u>173</u>  | <u>86</u>                              | <u>259</u>            |
| At 31 May 2019           | <u>350</u>  | <u>83</u>                              | <u>433</u>            |

The company had no tangible assets at 30 September 2020 (31 May 2019: £nil).

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**SORTED HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Fixed asset investments****Company and Group**

|                                       | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <i>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</i> |
|---------------------------------------|--|--|
| <b>Cost/NBV</b>                       |  |  |
| At 1 June                             | 400  | 400  |
| Disposal of subsidiary                | (399)  | -  |
| <b>At 30 September 20 / 31 May 19</b> | <u><u>1</u></u>  | <u><u>400</u></u>  |

**Subsidiary undertakings**

The following are subsidiary undertakings of the group:

| <b>Name</b>          | <b>Class of shares</b> | <b>Holding</b> | <b>Principal activity</b>  | <b>Address</b>  |
|----------------------|------------------------|----------------|--|---|
| Sorted Group Limited | Ordinary               | 100%           | The creation and service of websites for provision of delivery services. | Third Floor, The Union, Albert Square, Manchester, M2 6LW, UK |

As part of the group's strategy to concentrate on the development of its SaaS platform the group sold its investment in Myparceldelivery.com Limited on 17 June 2020.

The shares were sold at fair value (£150) with a gain of £50K on disposal.

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**SORTED HOLDINGS LIMITED**


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**15. Debtors**

|                                 | <b>Group<br/>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <i>Group<br/>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</i> | <b>Company<br/>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <i>Company<br/>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</i> |
|---------------------------------|--|--|--|--|
| Trade debtors                   | 605  | 255  | -  | -  |
| Other debtors                   | 382  | 29   | 185  | 4  |
| Prepayments and accrued income  | 271  | 193  | -  | 2  |
| Corporation tax debtor          | 1,789  | 1,104  | -  | -  |
| Amounts owed by group companies | -  | -  | 26,634   | 21,700   |
|                                 | <u>3,047</u>   | <u>1,581</u>   | <u>26,819</u>  | <u>21,706</u>  |

Included in other debtors is a loan of £182,850 remained outstanding at period end owing from Myparcedelivey.com Limited to Sorted Holdings Limited.

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

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. Cash and cash equivalents**

|                          | <b>Group<br/>16 months ended<br/>30 September<br/>2020<br/>£'000</b> | <b>Group<br/>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</b> | <b>Company<br/>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <b>Company<br/>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</b> |
|--------------------------|--|--|--|--|
| Cash at bank and in hand | <u>3,328</u>   | <u>521</u>   | <u>-</u>   | <u>-</u>   |

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

|                                    | <b>Group<br/>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <b>Group<br/>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</b> | <b>Company<br/>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <b>Company<br/>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</b> |
|------------------------------------|--|--|--|--|
| Loans from related parties         | -  | 1,250  | -  | 1,250  |
| Other loans                        | 500  | 656  | 500  | 656  |
| Trade creditors                    | 1,087  | 784  | 10   | -  |
| Other taxation and social security | 664  | 259  | -  | -  |
| Other creditors                    | 293  | 459  | 285  | 546  |
| Accruals                           | 1,282  | 991  | 51   | -  |
| Deferred income                    | 239  | 308  | -  | -  |
|                                    | <u>4,065</u>   | <u>4,707</u>   | <u>846</u>   | <u>2,452</u>   |

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**SORTED HOLDINGS LIMITED**


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**Loans from related parties:**

The prior period loan of £1,250,000 represents a balance due to Praetura Debt Limited and relates to an unsecured term loan facility. The facility is interest bearing at 8.5% and is repayable on 31 December 2019 unless the group completes an equity fundraise at which point the loan converts to shares. Following an equity raise in August 2019 the outstanding balance (including an additional draw-down post period of £1,250,000) was converted to 4,167 Ordinary F Shares on 15 August 2019.

**Other Loans:**

A loan note of £500,000 is owed to NVM Private Equity LLP. The loan note is unsecured, interest bearing at a rate of 10% per annum and repayable on 26 April 2021.

Other loans in the prior period represents a loan owed to the Greater Manchester Combined Authority ("GMCA"). The first tranche of the loan of £375,000 (before issue costs) was drawn down at 31 May 2015. The second tranche of the loan of £375,000 was drawn down at 31 March 2016. The loan is unsecured and the group's subsidiary undertakings Myparceldelivery.com Limited and Sorted Group Limited are acting as a first and second guarantors respectively. In August 2019 following an equity raise the loan capital was repaid in full.

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

|      | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <i>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</i> |
|------|--|--|
| Loan | -  | <u>500</u>   |
|      | <u>-</u>   | <u>500</u>   |

A loan note of £500,000 is owed to NVM Private Equity LLP. The loan note is unsecured, interest bearing at a rate of 10% per annum and repayable on 26 April 2021.

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

|  | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <b>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</b> |
|--|--|--|
| <b>Amounts falling due within one year</b> |  |  |
| Loans from related parties                 | -  | 1,250  |
| Other loans                                | 500  | 656  |
| <b>Amounts falling due 1-2 years</b>       |  |  |
| Other loans                                | -  | 500  |
|  | <u>500</u>   | <u>2,406</u>   |

**20. Capital and other commitments****Group**

|                                   | <b>Land and Buildings</b>                                      |  | <b>Other</b>   |  |
|-----------------------------------|--|--|--|--|
|                                   | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <b>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</b> | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <b>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</b> |
| <b>Minimum lease payments due</b> |  |  |  |  |
| Within 1 year                     | 437  | 437  | 24   | 24   |
| Between 2 and 5 years             | 1,707  | 1,730  | 11   | 43   |
| After more than 5 years           | 1,712  | 2,271  | -  | -  |
| <b>Total</b>                      | <u>3,856</u>   | <u>4,438</u>   | <u>35</u>  | <u>67</u>  |

**Company**

|                                   | <b>Land and Buildings</b>                                      |  | <b>Other</b>   |  |
|-----------------------------------|--|--|--|--|
|                                   | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <b>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</b> | <b>16 months<br/>ended 30<br/>September<br/>2020<br/>£'000</b> | <b>12 months<br/>ended 31<br/>May<br/>2019<br/>£'000</b> |
| <b>Minimum lease payments due</b> |  |  |  |  |
| Within 1 year                     | -  | -  | 21   | 21   |
| Between 2 and 5 years             | -  | -  | 7  | 35   |
| After more than 5 years           | -  | -  | -  | -  |
| <b>Total</b>                      | <u>-</u>   | <u>-</u>   | <u>28</u>  | <u>56</u>  |

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**SORTED HOLDINGS LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Share capital**

| <b>Group and company</b>                                | <b>16 months<br/>ended 30<br/>September<br/>2020</b> | <i>12 months<br/>ended 31<br/>May<br/>2019</i> |
|---|--|--|
| <b>Allotted, called up and fully paid</b>               |  |  |
| 12,000- A Ordinary shares of £0.01 each                 | <b>120</b>   | 120  |
| 8,000- B Ordinary shares of £0.01 each                  | <b>80</b>  | 80   |
| 6,850- C Ordinary shares of £0.01 each                  | <b>69</b>  | 69   |
| 7,551- D1 Ordinary shares of £0.01 each                 | <b>76</b>  | 76   |
| 1,303- D2 Ordinary shares of £0.01 each                 | <b>13</b>  | 13   |
| 2,346- E Ordinary shares of £0.01 each                  | <b>23</b>  | 23   |
| 43,262 (2019: 33,979) - F Ordinary shares of £0.01 each | <b>432</b>   | 340  |
| 16,667- G Ordinary shares of £0.01 each                 | <b>167</b>   | -  |
| 850- Z Ordinary shares of £0.01 each                    | <b>8</b>   | -  |
|   | <b><u>988</u></b>                                    | <u>721</u>                                     |

In August 2019 as part of an investment round the group issued 4,166 F shares at £0.01 per share which related to a convertible loan of £2,500,000. Consideration of £1,250,000 was received in the prior year and £1,250,000 received in the current year which resulted in an addition to share premium of £2,499,958.

The group also issued and allotted a separate 1,930 F shares at £0.01 each. The total consideration received was £1,158,000 creating an addition to share premium of £1,157,981.

As part of the same investment round the group issued and allotted 16,667 G shares at £0.01 per share, total proceeds of £10,000,200 resulting in share premium of £10,000,033. In addition to the above, the group issued 850 Z shares at £0.01 per share, total proceeds £8.50.

Finally, the group issued 2,862 F shares for warrants and 325 F shares in relation to the conversion of loan interest.

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

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

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

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

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

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

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

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

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

**22. Reserves**

**Share premium account**

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

**Profit and loss account**

Includes all current and prior period retained profits and losses.

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**23. Related party transactions**

During the period, the group paid board fees to shareholders of £123,000 (12 months ended 31 May 2019: £96,000) to Praetura Capital LLP and £5,000 to Arete Capital Partners Limited (12 months ended 31 May 2019: £nil) who have common directorships. In addition, the group paid board fees to other shareholders of £33,333 to Seneca Ltd (12 months ended 31 May 2019: £25,000), £18,333 to NVM Private Equity LLP (12 months ended 31 May 2019: £22,000) and £18,000 to Mercia Asset Management PLC (12 months ended 31 May 2019: £nil).

At the period end the amounts due to Praetura Capital LLP were £17,948 (31 May 2019: £9,600), Seneca Ltd £7,500 (2019: £15,000), NVM £nil (31 May 2019: £nil) and Arete Capital Partners Limited £nil (31 May 2019: £nil).

At the period end, the loan notes of £500,000 (31 May 2019: £500,000) were due to NVM Private Equity LLP who are shareholders of the company.

Associated with the loan balance above, there has been interest charged of £100,881 (12 months ended 31 May 2019: £26,474).

The total cost to the group of key management personnel for the period ended 30 September 2020 was £1,069,453 (12 months ended 31 May 2019: £755,251).

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

**24. Analysis of net debt**

|                          | 1 <sup>st</sup> June<br>2019<br>£'000 | Cash<br>flows<br>£'000 | Non-cash<br>changes<br>£'000 | 30 <sup>th</sup> Sept<br>2020<br>£'000 |
|--------------------------|---------------------------------------|------------------------|------------------------------|--|
| Cash at bank and in hand | 521                                   | 2,807                  | -                            | 3,328                                  |
| Convertible loan         | (1,250)                               | (1,250)                | 2,500                        | -                                      |
| Loans                    | (1,156)                               | 656                    | -                            | (500)                                  |
| <b>Net (debt) / cash</b> | <b><u>(1,885)</u></b>                 | <b><u>2,215</u></b>    | <b><u>2,500</u></b>          | <b><u>2,828</u></b>                    |

Non-cash items relate to the conversion of convertible loans into equity shares.

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**25. Post balance sheet events**

Post period end, the group finalised its most recent round of funding securing £11.6m of investment in the form of a convertible loan notes. This was from the government's Future Fund, existing and new investors.

The impact of COVID-19 has accelerated the shift to online shopping increasing the demand for the mission critical software as retailers have had to focus on this channel. The group is in a strong position to support and exploit this opportunity, having already confirmed a number of new enterprise customer contracts which we expect to continue.