

WHISTL CONSOLIDATED LIMITED

Annual Report 2023



whistl

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Whistl Consolidated Limited
Annual Report and Consolidated Financial Statements
for the year ended 31 December 2023.
Registered number: 11995959 (England and Wales)

Executive Chairman's Statement

During 2023 the Group remained robust, delivering a mix of growth in most business areas and taking action to reset and change others. This approach enabled us to remain a strong business, well positioned for a calmer macroeconomic environment and expected economic recovery in 2024 and beyond.



Nick Wells
Executive Chairman

Inflation was a significant challenge facing trade, affecting everything from higher operating costs to reduced consumer discretionary spend.

Despite this, we have navigated these pressures by focusing on improved efficiency, value and excellent customer service.

This, in turn, delivered better-than-expected performance in some areas of the business, including Downstream Access Mail which grew market share; Cross Border Solutions which exceeded revenue targets; and Parcels which exceeded 20% growth in tracked volumes.

With consumer spending down, there was a corresponding drop in advertising which impacted E-commerce Marketing, together with lower volumes and volatility in Fulfilment, reflecting the fall in overall UK retail sales over the year.

The impact of this tougher than expected trading environment in 2023 resulted in a turnover of £766.3m (2022: £770.1m) and an underlying EBITDA¹ of £3.6m (2022: £7.2m).

Efficiency is crucial to our business and throughout the year considerable work was undertaken in Fulfilment to ensure that it can operate in a highly competitive space.

The same is true in DSA, Parcels and Cross Border Solutions – where we are continuously looking at how we remain competitive on price while delivering outstanding customer service so that we can retain and win new business.

We have also had success in raising the number of customers who are trading with us and increased customer satisfaction to 84% (2022: 83%).

Innovation remains a driver of growth. For example, in E-commerce Marketing through Leafletdrop, our self-serve marketing platform, we can sell our services to a broader range of customers.

Business sentiment improved towards the end of the year, leading to more invitations to tender for new business across the whole Group which gives us the opportunity to grow volumes and customers in the year ahead.

We announced our commitment to achieve net zero by 2045 based upon science-based emissions and reduction targets, and we appointed Senior Leadership Sponsors to drive internal initiatives focused on race, disability and female representation within the company.

Although mitigations have been implemented the Group is still impacted by inflation, international conflicts and customers increasing sensitivity to price. However, in 2024 we expect to see that the decisions and investment made in 2023 put us in a better position to rebound and grow in all areas of the Group.

Nick Wells
Executive Chairman
3 July 2024

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

Our Business Areas

Revenue £m Segment	2023 £m	2022 £m	Change £m
Downstream Access Mail	473.5	482.8	(9.3)
Parcels	136.9	137.6	(0.7)
Cross Border Solutions	35.9	28.1	7.8
Fulfilment	84.3	78.9	5.4
E-commerce Marketing	35.7	42.7	(7.0)
Group	766.3	770.1	(3.8)



Downstream Access Mail

Our Downstream Access Mail business performed well in 2023. It grew its share of the overall DSA market by 1.12%[^], despite market volumes returning to a long-term decline trend of 6-8%*. Advertising mail volumes in particular were down as a result of cautious customers and pressure on marketing budgets.

As part of our commitment to DSA Mail, we appointed Andy Goddard as Managing Director of the Mail division to drive forward the opportunities that remain in the sector and maintain our market leadership position.

The Operations team delivered a high performance, continuing to manage costs and deliver ongoing efficiencies from investment including in our new Traffic Management System which has been rolled out across the HGV and Small Van Fleet network.

We continue to explore automation opportunities and in Bedford we have automated lorry loading allowing us to speed up the process, reduce pallet usage and maximise space to increase load rates per vehicle. We also reduced consumables waste by two thirds through better control from request to collection.

Technology is enabling us to improve the customer experience. We are rolling out handheld 'Flexi-pod' devices to drivers enabling us to digitise processes, remove complexity and reduce costs.

Upskilling of our account management team continues, and the Mail team secured Platinum JICMAIL status for its outstanding expertise and practice in planning, measuring and evaluating mail campaigns.

Our Posthub brand which provides data processing and delivery management support to businesses who use advertising mail had an exceptional year in 2023, growing volume by 75%. It is highly regarded by those using its services and received very high scores in our annual customer satisfaction survey.

We operate in a regulated environment with Ofcom as Postal Sector regulator. It reviewed the overall regulatory framework in 2022 and decided that it remains appropriate for the next five years, enabling us to continue to operate our activities in a stable regulatory environment.

In December the Competition Appeal Tribunal allocated a hearing date in 2025 for our £600m+ damages claim against Royal Mail for its anti-competitive behaviour in relation to our end-to-end business.

We have frequent dialogue and engagement with Ofcom, Royal Mail, and the Mail Competition Forum and have quarterly engagement with the Department for Business & Trade (BAT) and the Wholesale Access Group, which represents access customers' views and puts them forward to Royal Mail to ensure that our views on regulatory and market developments are heard and help shape the market.

We continue to explore automation opportunities and in Bedford we have automated lorry loading allowing us to speed up the process, reduce pallet usage and maximise space to increase load rates per vehicle.

[^] Management Data
* 18 January 2024 Royal Mail Trading Update

Our Business Areas continued



Parcels

Our parcel brands, Whistl Parcels and Parcelhub performed well in this competitive market and despite the overall market decline, increased their higher value tracked volume by 20%.

UK domestic parcel volumes fell by 5.4% to 3.2 billion**, the second year of decline following the pandemic boost to parcel volumes. Factors driving this trend include a poor macro-economic environment, a return to the High Street and the increasing cost of returns.

Our strategy of providing a competitively priced quality service underpinned by additional consumer service technology has proven attractive to the market and enabled us to grow our customer base.

Customer satisfaction increased over the year reflected in raising our NPS (Net Promoter Score) from 29 to 43. We operationally experienced a good peak following investment in systems and process and also benefited by the lack of disruption from Royal Mail industrial action experienced in the previous year.

We continue to develop our unique proactive, hassle-free and end-to-end multi-carrier delivery solutions to customers, both large and small.

Cross Border Solutions

2023 was the best year so far for this business area with more customers including a partnership with Tik Tok and a 150% growth in tracked volumes.

This progress was built upon the foundations laid in 2022 when it deployed new solutions to customers and worked with suppliers to improve service and reduce inefficiency.

The year began with disruption in the market when Royal Mail was subject to a cyber-attack and customers were looking at new ways to operate internationally and we benefited from additional volume into our network.

We built our profile in the space through additional marketing activity focusing on our cross-border E-commerce smart and integrated solutions. Customers in this area are looking for added value and expertise and we are able to offer this through our team.

In 2024 we expect to grow Cross Border Solutions further as we integrate more partners and focus on technical solutions to reduce friction to trade into and out of the UK.

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** Ofcom Post monitoring report 22/23



Our fully scalable and tailored fulfilment solutions remained attractive to customers and our ability to cross support them with other parts of the Whistl portfolio, such as carrier management, is becoming increasingly important.

Fulfilment

We faced challenges both operationally and from market conditions in the year. This led to lower volumes and some customers changing their approach to fulfilment by taking their operations in-house or unfortunately, in some cases, they ceased trading.

To meet these challenges, we focused on operational efficiency and brought in a new management team to refocus the fulfilment operation. We commenced a significant restructure of our Gateshead warehouse and made better use of the remaining warehouse estate across the fulfilment sites.

We improved our manpower planning and put in place the necessary labour flexibility to better respond to buyer demand as forecasting is notoriously difficult in this sector. This has led to improved customer service and cost control.

Our fully scalable and tailored fulfilment solutions remained attractive to customers and our ability to cross support them with other parts of the Whistl portfolio, such as carrier management, is becoming increasingly important.

In 2023 we laid the foundations to exploit future growth opportunities in this area and are well positioned to meet future expected growth from E-commerce related fulfilment services.

E-commerce Marketing

E-commerce Marketing is a bellwether of the economy and its performance, along with other advertising channels, was under pressure throughout the year.

It remains robust and its diversification into new services through Leafletdrop and Relish enabled it to offer marketers a wider range of scalable and cost-effective ways to access the consumer.

The major success story of the year was Leafletdrop reaching 300 million items processed by an increasing number of new customers using its self-serve platform including Amazon, Uber Eats and Hello Fresh.

The supply chain issues affecting Relish customers in 2022 were resolved and it focused its strategy on brands that run larger campaigns e.g. Wrigley's (MARS) and ASOS. Its insert volume rose 82% over the year.

In 2023 the division, including Door Drop Media, increased the number of customers served albeit at a lower spend threshold than the previous year.

The team received very high customer satisfaction scores from clients reflecting a relentless focus on service.

The division ended the year with the economic pressures reducing and consumer confidence returning. In 2024 there is a great opportunity for print based advertising as cookies are phased out in digital advertising forcing marketers to look again at the traditional print-based advertising channels.

Financial Review

A robust and stable cash position of £32.7m reflecting strong operational cashflows that funded exceptional costs and fixed asset investments.



Manoj Parmar
Chief Financial Officer

Consolidated profit and loss	2023 £m	2022 £m	Change £m
Revenue	766.3	770.1	(3.8)
Costs of Sales	(722.5)	(726.2)	3.7
Gross Profit	43.8	43.9	(0.1)
Administrative Expenses	(55.4)	(51.6)	(3.8)
Operating loss before exceptional items	(11.6)	(7.7)	(3.9)
Underlying EBITDA¹	3.6	7.2	(3.6)

Reconciliation of Underlying EBITDA ¹	2023 £m	2022 £m	Change £m
Operating loss before exceptional items	(11.6)	(7.7)	(3.9)
Goodwill amortisation	10.6	10.6	-
Amortisation of intangible assets	0.5	0.5	-
Depreciation of tangible assets	4.1	3.8	0.3
Group	3.6	7.2	(3.6)

Capex	2023 £m	2022 £m
Growth	0.5	1.4
Maintenance	1.5	2.6
Group	2.0	4.0

Group Performance

The portfolio effect of Whistl's diversified business divisions moderated cyclical macroeconomic factors within individual units, with overall Group revenue falling by 0.5% to £766.3m (2022: £770.1m).

Despite a challenging environment due to inflation and cost of living pressures, strong growth in Tracked Parcels and Cross Border Solutions offset the continued structural decline in the Mail market and market-driven headwinds in E-commerce Marketing and Fulfilment.

Underlying EBITDA¹ of £3.6m remained down compared to 2022 but improved economic conditions and the impact of several restructuring initiatives undertaken during 2023 are beginning to show results and are expected to lead to an overall improved Group performance in 2024.

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

We continued to invest in IT and product development in our growth areas and benefits from the secular growth of eCommerce and outsourcing by offering integrated warehouse fulfilment and parcel solutions to eCommerce customers, leveraging our expertise in these areas.

Demand for eCommerce fulfilment services weakened in 2023 which resulted in a cyclical economy-wide overcapacity of warehouse space and pressure on revenue and margins in the Fulfilment division. Despite these pressures revenues in the Fulfilment division grew by 7% from 2022 to 2023 but gross profit margins dropped by 2%. In response to the market situation, we performed a review of our property portfolio at the end of the year and took the difficult decision to close the Gateshead fulfilment centre to focus activities on our sites in Lutterworth, Northampton, Rushden, Wrangaton and Paignton. In addition, we closed our contact centre in Farnborough, consolidating contact centre activities in other sites. These site closures contributed to a £4.9m exceptional charge in the financial statements for 2023.

The cost savings and operational efficiencies resulting from the property review will be reflected in the results going forward.

Revenue in the Parcels, Cross Border Solutions and Mail network increased by 0.6% with growth in Parcels and Cross Border offsetting the decline in Downstream Access Mail, although we continue to hold our market leading share in this sector. Despite a competitive commercial environment, gross profit of £43.8m in 2023 remained consistent with prior year due to a continued focus on network efficiency with investments in transport management technology continuing to reduce the mileage driven by our HGV and van fleets as well as the need for subcontractors.

The E-commerce Marketing division continued to experience headwinds in customer activity due to constrained marketing budgets which impacted trading. Revenue was down 18% compared to 2022 but gross profit margins remained robust. E-commerce Marketing is a traditionally cyclical industry, and the division is well placed to benefit when the economy and marketing budgets recover.

Administration expenses excluding exceptional costs increased by £3.8m to £55.4m in 2023 (2022: £51.6m) driven by inflationary salary increases, higher insurance premiums and bad debt costs. The Group exercises strong control of credit risk and insures debtors where applicable. We will continue to exercise tough control on costs and investigate opportunities for efficiency and value.

Exceptional administrative expenses

Exceptional costs of £4.9m were incurred in 2023 in relation to closure provisions, restructuring and other legal and advisory costs. The difficult decision was made to close the Gateshead fulfilment centre in December 2023 following a review of Whistl's property portfolio and the departure of some customers. The contact centre in Farnborough was also closed in 2023 and consolidated with other sites. Exceptional costs of £1.0m were incurred in 2022 in relation to the relocation of our Marlow head office into a smaller building following the changes to working patterns that resulted from the Covid-19 pandemic as well as aborted M&A advisory costs.

Taxation

The effective rate of corporation tax was 7.5% (2022:3.3%) which was lower than the standard UK corporation tax rate of 23.5% (2022:19.0%). This reflects the impact of longterm capital investment programmes and timing differences such as capital allowances and taxable losses.

The Whistl Group is within the scope of the Organisation for Economic Cooperation and Development (OECD) Pillar Two model rules. Pillar Two legislation has been enacted in the UK and will come into effect from 1 January 2024. Pillar Two legislation was not effective at 31 December 2023, thus the Group has no related current tax exposure. We have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as supported by the amendments to IAS 12, issued in May 2023. Under the Pillar Two legislation, the Whistl Group is liable to pay domestic top up tax for the difference between its effective tax rate and the minimum 15% rate.

The Whistl Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect on 1 January 2024. Although the average effective tax rate may be below 15%, this assessment indicates that the Group is expected to be able to take advantage of the transitional rules set out in Schedule 16 of Finance Act (No 2) 2023, which are expected to reduce its liability to domestic top up tax to nil.

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

Dividend

In the year the Board declared and paid priority dividends totalling £0.75m (2022: £0.75m) to holders of A Ordinary shares. No other dividends were declared or paid in 2023 or 2022. Priority dividends are treated as a compound instrument in the financial statements with a liability recognised on the balance sheet and interest charged through the profit and loss account.

Investment

Total capex in 2023 reduced to £2.0m (2022: £4.0m) with existing operational capacity built up through large investments in recent years meeting the needs of our customers and the business.

We continue to invest in maintenance capex to make sure that our operational network remains efficient and up to date. No new acquisitions were made in 2023 and all deferred consideration in relation to historic acquisitions was settled in 2022. All investments have been funded by cash flows from ongoing operating activities and without recourse to our substantial unutilised lines of funding.



Financial Position	2023 £m	2022 £m	Change £m
Goodwill	59.3	69.9	(10.6)
Fixed assets	20.4	23.2	(2.8)
Stocks	0.5	0.5	-
Debtors	90.4	94.9	(4.5)
Cash at bank and in hand	32.7	32.5	0.2
Creditors: amounts falling due within one year	(163.1)	(165.6)	2.5
Creditors: amounts falling due after one year	(8.8)	(8.9)	0.1
Provisions for liabilities	(2.8)	(1.3)	(1.5)
Net assets	28.6	45.2	(16.6)

Financial Position & Liquidity

The Group's cash position remained strong and stable at £32.7m with cash in flows from operating activities being offset by one off exceptional items and capital investment.

Net assets and shareholder's equity reduced by £16.6m due mainly to the non-cash amortisation of goodwill of £10.6m and depreciation and amortisation of fixed assets of £4.5m. Whistl's policy is to amortise goodwill over 10 years and is in accordance with the FRS102 accounting standard.

In addition to cash at hand as at 31 December 2023 of £32.7m (2022: £32.5m), the Group's liquidity is further supported by our fully committed irrevocable £65m funding line jointly provided by HSBC and

NatWest which is divided into a credit and working capital facility. This facility has been renewed for a further four years commencing June 2024. Whistl's policy is to maintain a high level of liquidity headroom which together with our strong balance sheet, cash flow and credit rating gives us financial flexibility to invest and grow.

The net book value of tangible fixed assets and software reduced to £20.4m (2022: £23.2m) due to depreciation charges and disposals exceeding capex investment.

Total debtors decreased by £4.5m (4.7%) to £90.4m (2022: £94.9m) despite revenue remaining stable for the year due to strong credit control

and cash collection. Prepayments and Accrued income reduced from £20.2m in 2022 to £12.5m in 2023 as the year end on 31 December 2023 was aligned with Whistl's weekly billing cycle.

Creditors due in less than one year reduced by £2.5m to £163.1m (2022: £165.6m) reflecting the consistent underlying trading activity.

Creditors due in more than one year of £8.8m (2022: £8.9m) were consistent with 2022 and predominately relates to rent free period accruals on warehouses and hubs.

Provision for liabilities of £2.8m (2022: £1.3m) relates property restructuring costs and onerous leases for unutilised office accommodation.



Cash Flow	2023 £m	2022 £m	Change £m
Underlying EBITDA¹	3.6	7.2	(3.6)
Exceptional Costs	(4.9)	(1.0)	(3.9)
Change in net working capital	3.4	(8.0)	11.4
Net Cash Flow from Operating activities	2.1	(1.8)	3.9
Tax (paid)/received	-	(0.2)	0.2
Net Investment in fixed assets	(2.0)	(4.0)	2.0
Acquisitions (net of cash acquired)	-	(0.1)	0.1
Payment of deferred consideration	-	(1.2)	1.2
Net interest received / (paid)	0.1	(1.0)	1.1
Operating Free Cash Flow	0.2	(8.3)	8.5
Opening Cash	32.5	40.8	(8.3)
Closing Cash	32.7	32.5	0.2

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

Cash flow

Net Cash Flow from Operating activities was £2.1m in 2023 (2022: (£1.8m)) due to underlying EBITDA¹ of £3.6m, £4.9m of exceptional costs and a £3.4m decrease in the investment in Net Working Capital.

Net Working Capital cash inflow of £3.4m included a decrease in Debtors of £5.9m and a reduction of Creditors of £2.7m, together with other movements of £0.2m.

The net increase in cash of £0.2m was after deducting £4.9m in relation to exceptional costs, £2.0m in relation to net investment in fixed assets and £0.1m in relation to net interest earned.

Credit and working capital management

The Board of Management closely monitors credit and liquidity risks and is continually looking for improvements to working capital management. Average days of trading in accounts receivable and accrued income, a key measure of debtor performance in Downstream Access and Parcels, decreased from 29.8 days to 29.4 days between 2022 and 2023.

Key performance indicators

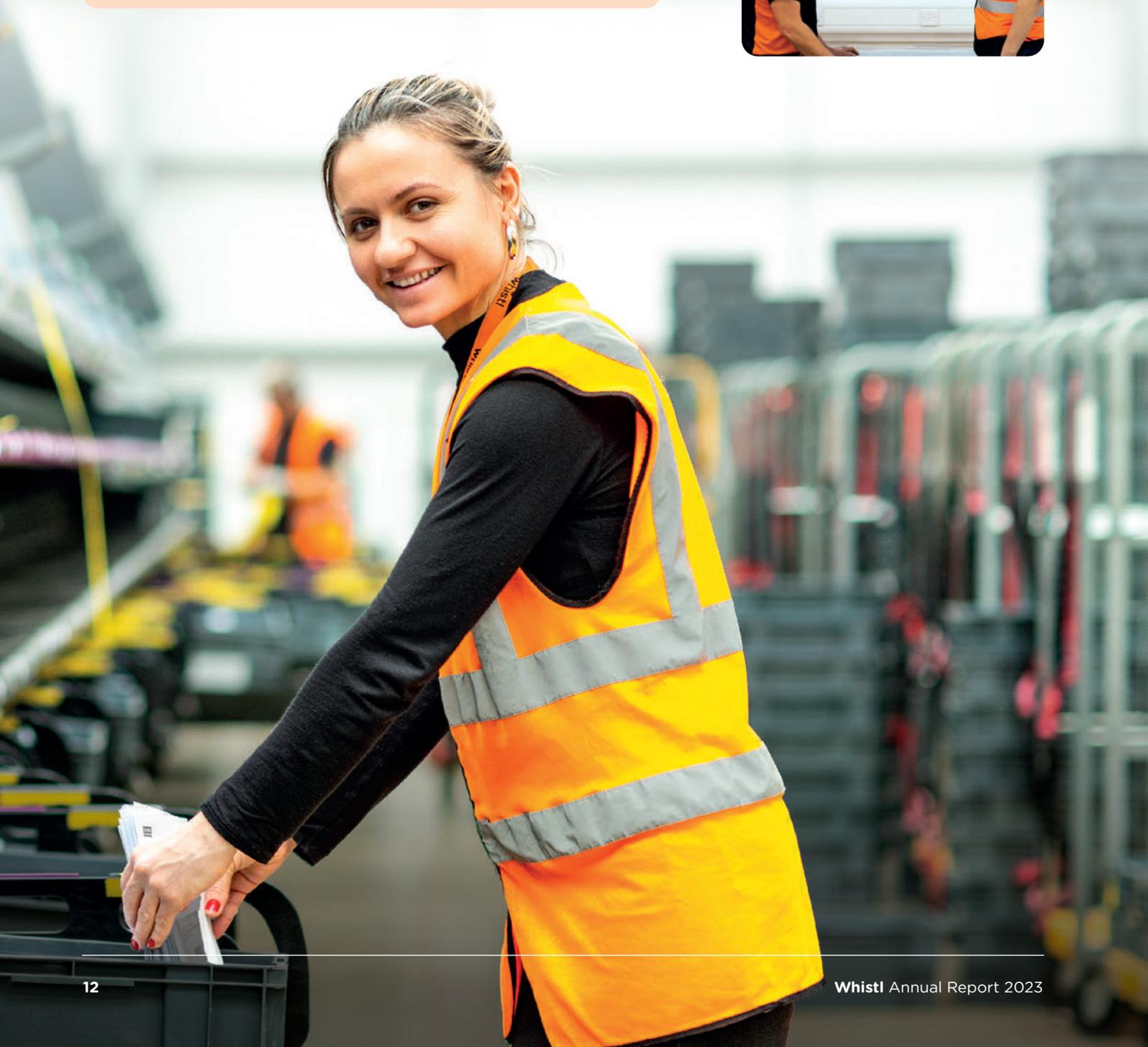
The Directors are reliant on specific key performance indicators such as, statistics related to market share, sales growth, and profitability to provide important guidance as to likely activity and performance within the business. The key performance indicators are described within this Strategic Report.

In addition to cash at hand of £32.7m, the Group's liquidity is further supported by our new four year fully committed irrevocable £65m funding line provided jointly by HSBC and NatWest.

Our People

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

Over the course of 2023, we have created and maintained a variety of initiatives to support the professional development of our employees and enhance the wellbeing of our local communities. Full details are available in the Whistl ESG Report 2023.



In response to the MySay feedback, we took the following action:

At our DSA Mail and Parcels sites:

- ✓ Increased communication with the Senior Management Team delivering DSA focused updates with an emphasis on reaching more drivers.
- ✓ Improved Health and Safety through increasing Stop and Talks with the aim of reducing accidents.
- ✓ Focused on the mental health of our Drivers and male staff in particular, with sessions being delivered on site by Andy's Man Club.

At our Fulfilment sites:

- ✓ Established their own site-based Employee Forums with representatives who bring suggestions for discussion and agree on meaningful change.
- ✓ Focused on employee recognition through recognising day to day achievements, giving reward vouchers and participating in the employee of the month scheme.

At our Parcelhub sites:

- ✓ Improved the working environment with depot re-fits and management re-structures to provide continued support to employees.
- ✓ Shared quarterly communication on all nominations for 'Employee of the Quarter Award' to promote employee engagement and recognition.
- ✓ Encouraged and re-trained staff on utilising Marvin for engagement and using Smile Stickers to give peer to peer recognition.

In E-commerce Marketing:

- ✓ Introduced an Employee of the Month Award to recognise individuals who consistently go above and beyond in their roles.
- ✓ Raised awareness of the recognition vouchers to ensure these are used more consistently across the whole team.

In Group wide functions, the focus has been on 'Team Collaboration':

- ✓ More frequent site visits and update calls between departments to build relationships and improve communication.
- ✓ Introduced 'System Champions' to be more effective and efficient.
- ✓ Invited members of other functions to team meetings to increase awareness of different team's objectives.

MySay

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

Investors in People (IIP)

In 2023 we were delighted to maintain our Investors in People (IIP) accreditation.

Equality diversity and inclusion (EDI)

In addition, we have several on-going initiatives that support equality in the workplace. Earlier this year we announced our EDI Charter as our commitment to take ownership for our business areas in promoting Equality, Diversity, and Inclusion. We also introduced our Executive Board EDI sponsors, and we have employee volunteers from across the Group who helped set up an EDI forum. We are also committed to The Valuable 500 and Disability Confident schemes. Full details of our EDI strategy are available in the Whistl ESG Report 2023.

Flexible Working

We recognise the need for all employees to be able to request flexible working if required, and we comply with all legislation in regard to the Children and Families Act 2014.

Reward principles

Whistl is committed to ensuring pay is fair, equitable and competitive regardless of gender. Our policies, including our compensation framework, operational pay structures (which ensure the same rate of pay for a role regardless of gender or age), and salary benchmarking pay guidance approach, effectively promote equal pay and support gender pay aims.

Trade Union Representation and National Living Wage

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

Employee Engagement

The Whistl Group of companies had an overall engagement score of 67%, based on a high employee response rate of 73%.

Additional Benefits

We use You at Work/Plus You to provide employees with preferential shopping and membership discounts across a wide range of goods and services across the UK. A Critical Illness payment and a Health Care plan is available to all our employees.

Gender Pay Gap Reporting

From April 2018, companies with 250 or more employees are required to publish defined statistics Gender Pay information. The Whistl Group is reporting for the following three business entities for the April 2023 reference period: Whistl UK Ltd (DSA & SSC), Whistl Fulfilment (Rushden) Ltd., and Whistl Fulfilment (Gateshead) Ltd. We have not reported on Whistl Fulfilment (South West) Ltd. this year as the entity had less than 250 employees on the snapshot date.

Pay Gap

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

WOMEN’S HOURLY RATE IS

Reporting company	Mean		Median	
	Value	Direction	Value	Direction
Whistl UK Ltd	2.8%	Lower	17.1%	Lower
Whistl Fulfilment (Rushden) Ltd	12.0%	Lower	16.9%	Lower
Whistl Fulfilment (Gateshead) Ltd	9.1%	Lower	2.9%	Lower

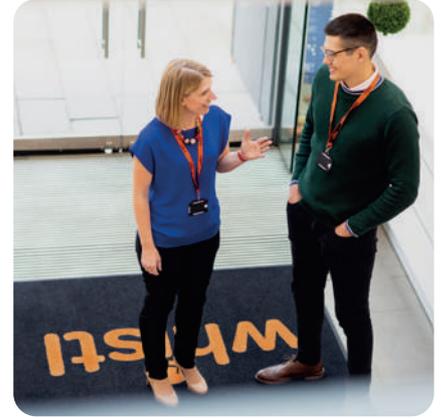
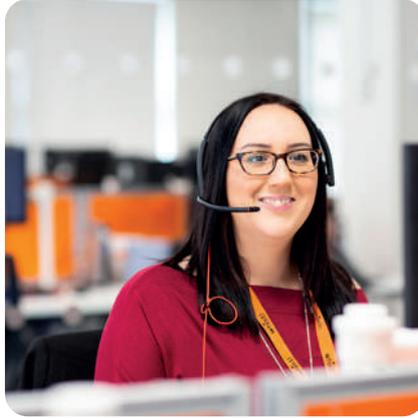
Pay Quartiles

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

Reporting company	QUARTILES							
	Upper		Upper Middle		Lower Middle		Lower	
	Females	Males	Females	Males	Females	Males	Females	Males
Whistl UK Ltd	26%	74%	24%	76%	34%	66%	31%	69%
Whistl Fulfilment (Rushden) Ltd	48%	52%	30%	70%	60%	40%	70%	30%
Whistl Fulfilment (Gateshead) Ltd	34%	66%	35%	65%	52%	48%	39%	61%

Pay gap notes

- **Whistl UK Ltd** - the average pay gap is above last year, and the median is higher, likely due to the higher proportion of non-frontline roles in the upper quartile the majority of which are male.
- **Whistl Fulfilment (Rushden) Ltd** - the average and median pay gaps are lower than the prior year and the current gap is influenced by the proportion of males in roles with skills which are paid a premium (e.g. VNA drivers) and males in management roles at the snapshot date.
- **Whistl Fulfilment (Gateshead) Ltd** - both the average and median gaps have decreased for this reporting period. The gap remains influenced by a relatively flat organisation structure with more senior roles being held by males with a long length of service.



Bonus Gap

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

WOMEN'S BONUS GAP IS

Reporting company	Mean		Median	
	Percentage	Comparison	Percentage	Comparison
Whistl UK Ltd	15.3%	Higher	3.0%	Lower
Whistl Fulfilment (Rushden) Ltd	0.9%	Higher	0.0%	Equal
Whistl Fulfilment (Gateshead) Ltd	34.1%	Higher	0.0%	Equal

PROPORTION OF RELEVANT MALES AND FEMALES RECEIVING A BONUS

Reporting company	Females	Males
Whistl UK Ltd	64%	69%
Whistl Fulfilment (Rushden) Ltd	45%	65%
Whistl Fulfilment (Gateshead) Ltd	81%	83%

Bonus gap notes

- **Whistl UK Ltd** – the bonus gap is similar to prior years and this year's results are influenced by the peak bonus paid to frontline staff in the operations who all received a flat rate bonus, and this population contained a significantly higher proportion of males (77%) in this population versus a more equal proportion of males and females in the non-frontline population where the bonus is based on performance against individual targets as a percentage of pay. In addition, the majority of annual profit share bonuses were not awarded, and the result reflects the mainly flat rate peak bonuses and sales commission.
- **Whistl Fulfilment (Rushden) Ltd** – the mean and median figures due to most staff included receiving the same, flat peak bonus, making the number in the middle the same for males and females.
- **Whistl Fulfilment (Gateshead) Ltd** – as per last year, for this population the median is the more accurate reflection of the bonus landscape as the average is influenced by sales commission. The higher proportion of both males and females receiving a bonus in this reporting period is due to peak bonus being put into place for the contact centre team for the first time.

Environment, Social and Governance (ESG)

Our aim is to be a sustainable business, not only financially but also within the environment and communities in which we operate.

Following extensive consultation with employees and external stakeholders, we launched our ESG (Environment, Social & Governance) Strategy based upon three pillars: valuing colleagues; fulfilling opportunities; and preserving our natural environment. We have committed to a 2045 net zero strategy through adhering to the Science Based Targets initiative (SBTi's) Corporate Net Zero Standard framework. The SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science. Full details of our ESG strategy are available in the Whistl 2023 ESG Report.

1. ESG strategy

In 2022 & 2023, we engaged an external consultancy to support us with our ESG strategy development. We were committed to focusing on the issues that mattered most, and it was worth taking the time to dig deep and figure out what these were and how best to manage them.

The process we took involved identifying which ESG topics were the highest priority for our internal and external stakeholders, understanding the drivers for our ESG business approach and aligning these with best practice sustainability frameworks: the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI) and the UN Sustainability Development Goals (UN SDGs).



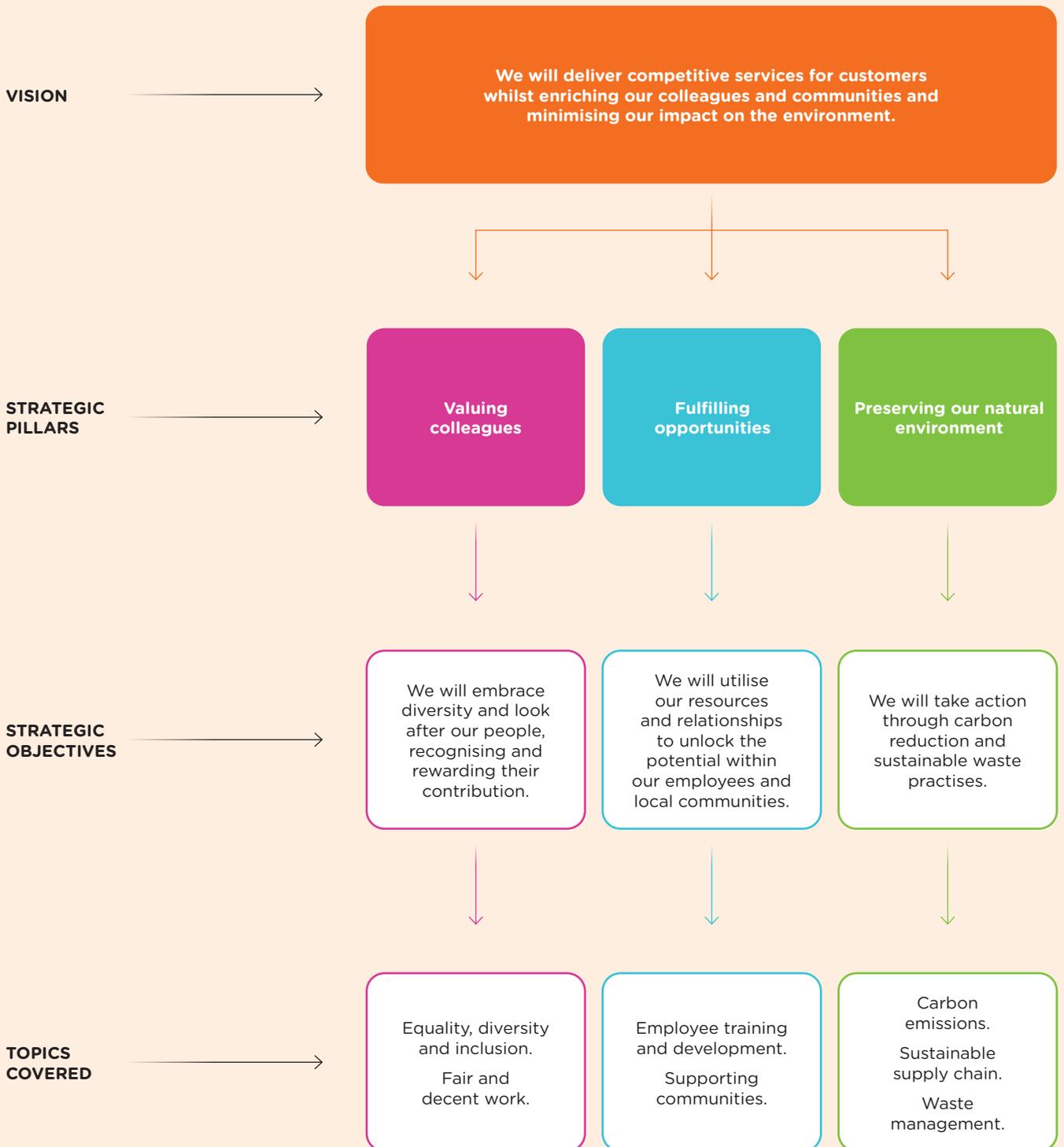
ESG strategy process



ESG strategy framework

The framework of our ESG strategy demonstrates the culmination of our ESG ambitions and sets the stage for the remainder of this report. Our commitment to our colleagues, customers, communities and the environment is unwavering and gives direction to everything we do.

Our ESG strategy represents who we are as a business and our ambition to make positive change in the areas that matter most.





Our Community

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

Supporting our local communities and charities is an integral part of who we are at Whistl. We care deeply about lending a helping hand to those in need, and we aim to play an active role in society. To this end, we focus on forging mutually beneficial relationships with our local communities and charities that go beyond simply donating money. We enthusiastically support our employees in their fantastic local volunteering and fundraising efforts.

For 2024, we will continue our bespoke approach to community giving while simultaneously aiming to establish a Group-wide community-giving strategy.

Alongside their volunteering efforts, our employees across the country were busily engaging in an array of fundraising activities for local charities this year. They collectively raised over £8,400, including company contribution. Notably, Parcelhub donated to the Trussell Trust Nottinghamshire through a Christmas raffle, the Marlow head office supported Berkshire Vision through a variety of fundraising events, and our transport teams across the DSA depots raised funds for Brake charity as part of National Road Safety Week.

Throughout 2023, we also maintained our Payroll Giving Scheme in partnership with Hands On Payroll Giving. The scheme encourages our employees to donate to charities through their salaries before income tax is applied, making it a tax-efficient method by which to donate. This enables employees to donate regularly and with ease and provides them with the freedom to donate however much they can personally afford.

Our Suppliers

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

Our Customers

We work closely with our customers to assist them to act in an environmentally friendly way, offering guidance and tools that effectively reduce their footprint on the planet.

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

- We minimise the impact on the natural environment and the communities by raising awareness of our ESG with our customers and the market
- We operate openly and disclose performance information and data when requested by customers
- For a number of customers we provide carbon reporting for CDP (formerly the 'Carbon Disclosure Project') which discloses our impact within the supply chain alongside proof of other accreditations such as EcoVadis

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

Moving forward

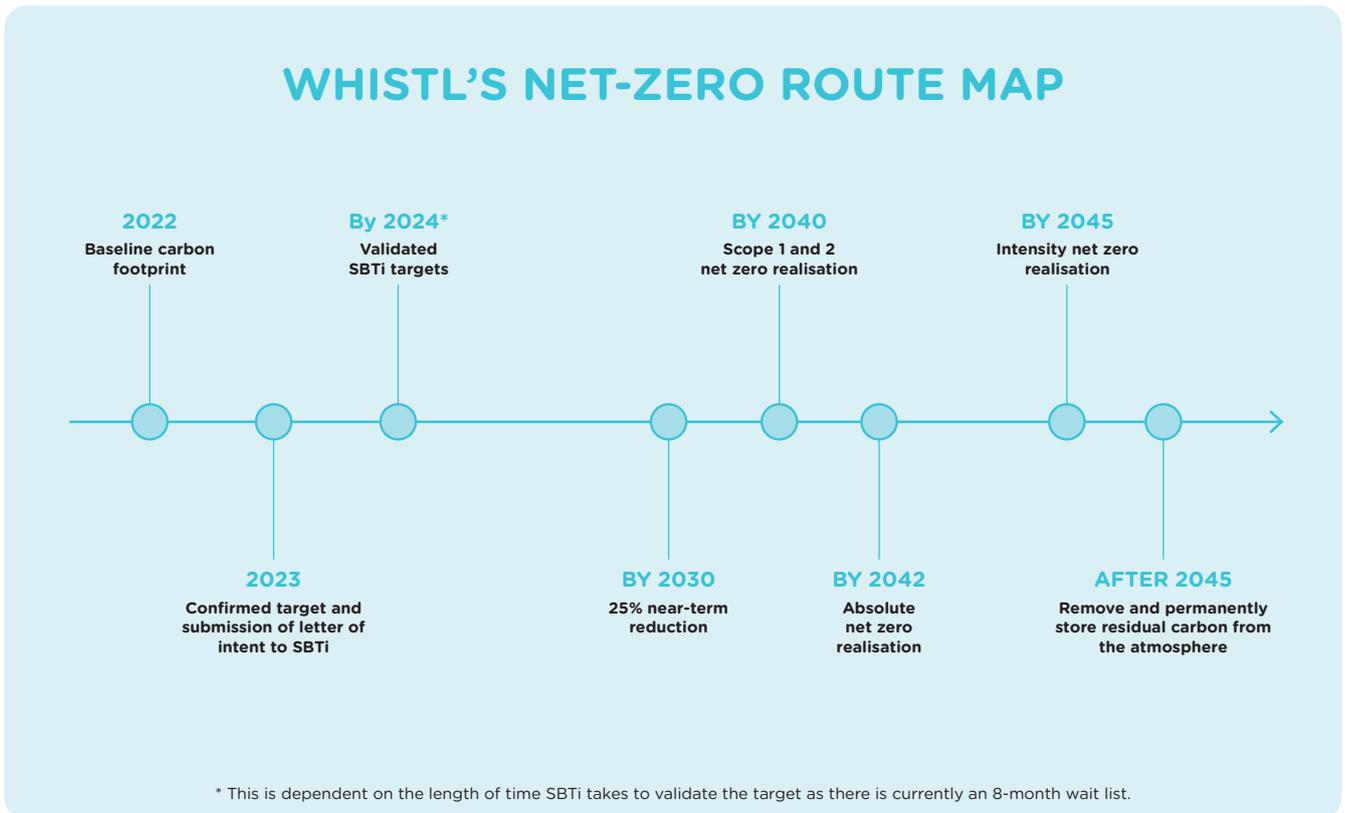
In 2024 we will further explore low emission technologies such as solar panels and renewable energy across our sites, explore innovations such as grass-based packaging, review our water consumption assets and the feasibility of low emission HGVs.

2. Carbon Reporting

In 2023, we developed a decarbonisation strategy for our business. As with our ESG strategy, we were committed to engaging stakeholders across our team on the challenges and opportunities relating to decarbonising our operations. From fleet to supply chain, facilities to route management - we heard it all. And by taking this approach, our decarbonisation strategy is both ambitious and data driven.



On completion of our strategy development, we were confident in our approach and submitted our targets to the SBTi for validation, committing to achieve net-zero emissions across Scopes 1, 2 and 3 by 2045.



Environment, Social and Governance (ESG) continued

Our 2023 carbon footprint

We decided to use 2022 as our baseline and calculated our first full carbon footprint in early 2022, in line with the best practice standards from the Greenhouse Gas Protocol. It became immediately evident that our carrier emissions were the most significant contributor to our footprint. We also came to understand the importance of good data to create accurate carbon footprint estimates. Though we initially used spend-based, UK-Government emissions factors for our 2022 carbon footprint for our carriers, we were able to quickly improve our data by engaging with our carriers and getting supplier-specific data. The impact of supplier-specific data was enormous due to change in calculation methodology, and to ensure an accurate baseline, we recalculated our 2022 carbon footprint using the information they shared.

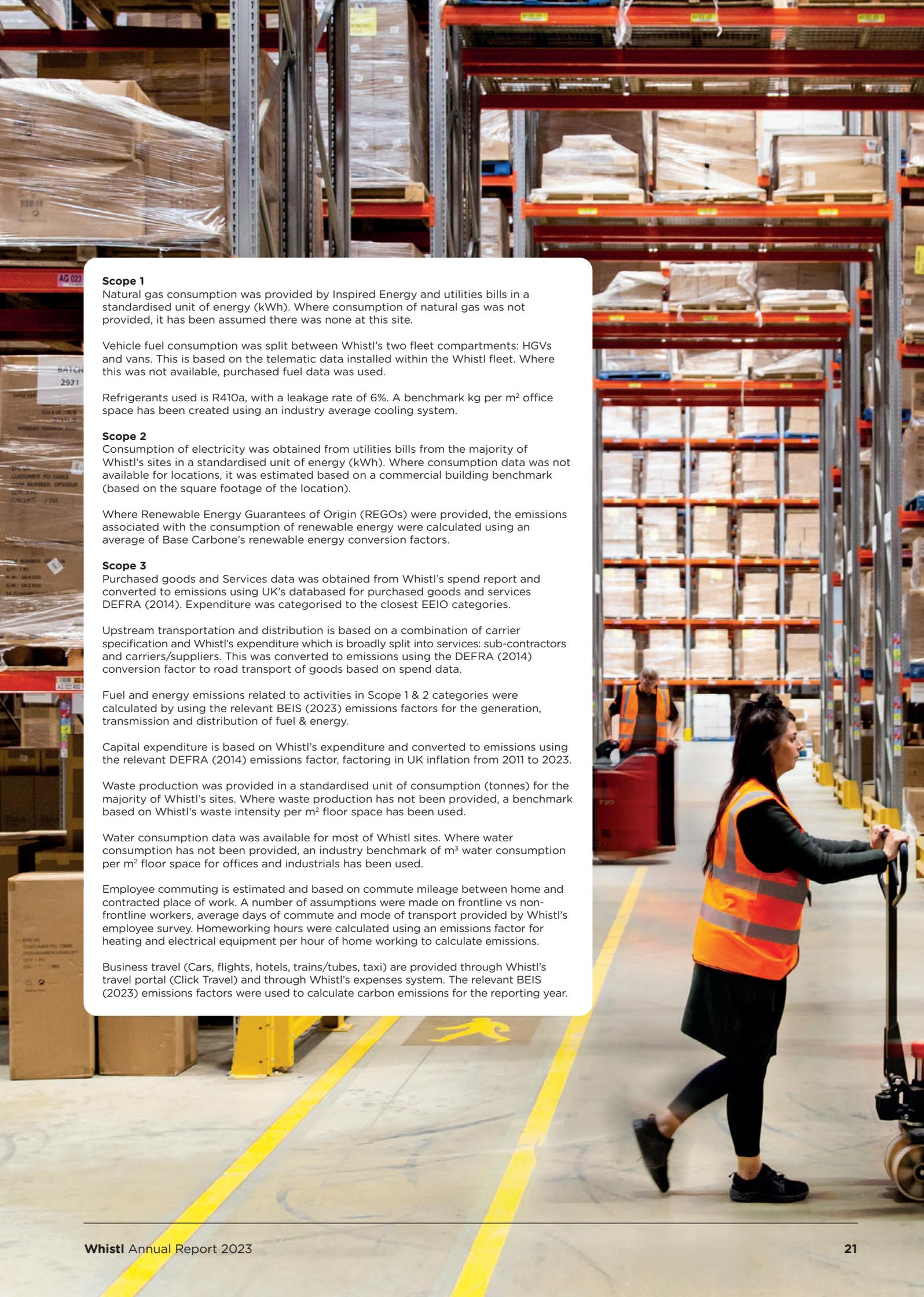
Group: 2023 carbon footprint and energy consumption

EMISSIONS (tCO ₂ e)	2022 (original)	2022 (re-baseline)*	2023	2023 vs 2022
Gross Scope 1 emissions (tCO₂e)	17,819.71	17,410.19	17,566.18	+
Vehicle fuel	15,695.77	15,695.77	16,214.40	+
Natural gas	791.70	791.70	529.91	-
Refrigerants	1,332.23	922.72	821.87	-
Gross Scope 2 emissions (tCO₂e)	1,380.34	1,380.34	1,401.64	+
Grid electricity: location-based	1,380.34	1,380.34	1,401.64	+
Grid electricity: market-based	319.90	319.90	235.91	-
Gross Scope 3 emissions (tCO₂e)	356,242.85	115,483.41	101,749.63	-
Upstream transport and distribution (carriers)	332,971.44	92,037.61	83,723.51	-
Upstream transport and distribution (sub-contractors)	8,578.40	8,578.40	4,478.18	-
Purchased goods and services	6,984.28	6,984.28	6,025.30	-
Fuel and energy activities	4,323.74	4,323.74	4,479.17	+
Employee commuting: staff travel	1,626.05	1,626.05	1,543.34	-
Capital goods	1,381.89	1,381.89	704.68	-
Business travel: transport	263.00	263.00	472.16	+
Waste	50.07	50.07	90.38	+
Employee commuting: homeworking	32.03	206.43	194.42	-
Business travel: hotel stays	21.80	21.80	29.36	+
Water	10.15	10.15	9.13	-
Total gross emissions (tCO₂e): location-based	375,442.90	134,273.95	120,717.46	
Total gross emissions (tCO₂e): market-based	374,351.61	133,213.51	119,551.73	
ENERGY CONSUMPTION ('000 kWh)	2022 (original)	2022 (re-baseline)	2023	2023 vs 2022
Vehicle fuel	62,049	62,049	64,727	+
Natural gas	4,337	4,337	2,897	-
Electricity (non-renewable)	1,086	1,086	609	-
Electricity (renewable)	6,039	6,039	6,160	+
Total energy consumption ('000 kWh)		73,511	74,393	
Share of renewable electricity		85%	91%	
Intensity Figures (tCO ₂ e)	2022 (original)	2022 (re-baseline)*	2023	2023 vs 2022
Tonnes of CO ₂ e by £ million revenue	481.72	172.28	154.42	-
Tonnes of CO ₂ e by million items	98.94	35.38	34.98	-
Tonnes of CO ₂ e by number of employees	153.36	54.85	51.67	-

Notes:

- 1 Data has been captured between January - December 2023
- 2 Whistl's organisational boundary is defined as all business activities based on an operational control approach, in line with the Greenhouse Gas Protocol: Corporate Standard (2004: 2015).
- 3 Exclusions include Whistl's Farnborough site since August 2023 and Gateshead unit 17B since November 2023 as these do not align with the long-term plans of the business.

* Re-baseline data for January to December 2022, to ensure an accurate baseline, we recalculated our 2022 carbon footprint by including our top carriers' primary sourced data which replaced the spend based methodology.



Scope 1

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

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

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

Scope 2

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

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

Scope 3

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

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

Fuel and energy emissions related to activities in Scope 1 & 2 categories were calculated by using the relevant BEIS (2023) emissions factors for the generation, transmission and distribution of fuel & energy.

Capital expenditure is based on Whistl's expenditure and converted to emissions using the relevant DEFRA (2014) emissions factor, factoring in UK inflation from 2011 to 2023.

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

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

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

Business travel (Cars, flights, hotels, trains/tubes, taxi) are provided through Whistl's travel portal (Click Travel) and through Whistl's expenses system. The relevant BEIS (2023) emissions factors were used to calculate carbon emissions for the reporting year.

We are delighted to report an overall decrease in our carbon footprint in our second year of reporting. Due to the dynamic nature of our industry and business, we attributed key deviations to the following.

- We reduced our dependency on sub-contractors and increased the volume of direct carry through our HGV fleet. This change resulted in an increase in our Scope 1 vehicle fuel emissions, but a decrease in our sub-contractor emissions. The degree of Scope 1 increase was mitigated through the impact of our route management system and fuel-efficient driving, outlined in detail below.
- Reductions in Scope 1 natural gas emissions were achieved in part due to the closure of two locations during the year. We have continued to invest in facilities upgrades, which further reduced our Scope 1 impact.
- We transitioned more of our facilities to renewable energy sources, resulting in a decrease in our market-based Scope 2 emissions.
- As we continue to rebound from the Covid-19 pandemic, we have increased our business travel and its associated emissions. Addressing these emissions will be a focus for future years, by seeking ways to reduce travel and finding more sustainable travel options.
- We continued to work with our carriers, obtaining supplier emissions data that refined and decreased our carrier emissions estimates. This key area of focus will remain a priority and is outlined in detail below.

Carrier partner emissions

In total, 69% of our 2023 Scope 3 emissions are directly associated with our carrier partners. It is, therefore, of paramount importance that we collaborate with our suppliers to reduce their emissions.

Throughout 2023, we worked with our carriers to understand their emissions reduction plans and the associated measures designed to see these come to fruition. To further support our carriers, we held a ‘Net-Zero Webinar’ to provide information about the importance of emissions reductions and to strengthen our communication with them on this topic. This was followed by a net-zero questionnaire for our carriers.

In 2024, we aim to analyse the responses to identify emissions hotspots and support our carriers in decarbonising further.

Fleet

Given the nature of our business, fleet decarbonisation is a critical part of our net-zero strategy. While we are firm in our commitment to transitioning to zero and ultra-low emission vehicles, there are real challenges to achieving this in full within the short term.

Our strategy to transition our small vehicle fleet (SVF) to electric vehicles (EVs) remains a dynamic process. In 2023, we operated 13 EVs within our van fleet. This enabled us to begin our vehicle transition and understand first-hand the benefits and challenges that EVs bring. Over the course of the year, we experienced challenges with the low mileage associated with our EV van fleet, but we have been agile in our approach and utilised these vehicles in higher-density areas so that we can deliver more packages over fewer miles. We are constantly evaluating the evolving EV offerings on the market; this will enable us to make

strategic decisions when our leases are due for renewal. Going forward, and with Government support, we aim to lease EV vans with larger batteries, which will allow us to cover a greater number of miles with our EVs. We have, therefore, achieved 10% of our target of 100% zero and ultra-low emission small vehicles by 2030.

An integral part of our fleet transition strategy was the update we made to our commercial car fleet policy to incentivise the selection of electric or low-emission cars. We now have 36 electric cars in our fleet and a further 12 cars on order, making 65% of our car fleet electric or low emission. To support the electrification of vans and our car fleet, we have now successfully installed EV charging infrastructure across seven of our sites. In 2024, we aim to establish charging infrastructure at our sites in Belfast, Glasgow, Colwick Quays and Fulfilment (South West).

Furthermore, in 2023, we used our transport management software to reduce vehicle mileage by planning efficient routes and optimising load across each vehicle. In doing so, we increased our volume per route by 10%. In 2024, we will continue to use this software to enhance efficiencies. Our SAFED driver training also contributes to reducing the emissions generated across our fleet, as it encourages behavioural changes such as reducing vehicle idling.

Currently, the short-term options for zero and ultra-low emission heavy goods vehicles (HGVs) that meet operational requirements and are commercially viable for Whistl remain limited. In 2024, we will be investing in higher-efficiency internal combustion engine (ICE) vehicles to reduce the emissions generated by our HGVs. Our focus will be on increased miles per gallon (MPG), driving fuel reduction and subsequent emissions reductions.

Facilities

Having committed to procuring 100% renewable electricity across all sites by the end of 2025, we are well within reach of our target. In 2023, 91% of consumed electricity was from renewable sources, which was a 6% increase from 2022. Our approach to energy efficiency and reduction is driven through the operation of our Energy Management System, which is certified to ISO 50001.

To further reduce our GHG emissions and our reliance on the grid, we aim to install on-site renewable energy in several locations across the Whistl Group. In 2023, we carried out research into the most suitable locations to install solar panels, and in 2024, we intend to hold discussions with our landlords with the hope of establishing an instalment strategy. This will support us in fulfilling our strategic ambition to achieve, by 2026, the target of 20% of our energy consumption from on-site renewable energy sources at key sites.

During 2023, we also continued our strategic approach to improving the energy efficiency of our sites, making significant progress. Currently, if a building update is needed, we make a conscious effort to opt for sustainable choices during the upgrades. By the end of 2024, we aim to operate a minimum energy efficiency standard of a 'C' Energy Performance Certificate (EPC) rating across all buildings on our sites.

Our efforts in 2023 included the following.

- We replaced our Glasgow site's gas boilers, used for hot water, with an electric water heater, which had a significant impact at the site.
- We made adjustments to light sensors across our sites to reduce the use of lights when rooms are not in operation.
- Our Belfast site switched to renewable energy sources as of October 2023.
- In Northampton and Bedford, we began trialling energy consumption monitoring systems installed to identify any anomalies in energy consumption and where we can make improvements.
- We initiated asset surveys across our sites, which will be used to replace inefficient assets to reduce energy consumption.

Waste management

At Whistl, we have a valuable role to play in the transition to a circular economy. We are striving to decrease our use of materials, limit our waste and improve our recycling rates. In turn, this will enable us to reduce emissions associated with waste and lessen our disposal costs.

In 2023, 91% of consumed electricity was from renewable sources, which was a 6% increase from 2022. Our approach to energy efficiency and reduction is driven through the operation of our Energy Management System, which is certified to ISO 50001.



Sustainable supply chain

Whistl’s procurement team has a responsibility to ensure the goods and services it procures are fit for purpose and are from reputable suppliers. The team also has the responsibility of understanding the impact these goods and services have on the environment and society.

This includes:

- paying a fair price for goods and services
- paying suppliers on time
- providing long-term contractual commitment (where relevant)
- supporting local suppliers and SMEs
- supporting and promoting environmental protection
- complying with laws and regulations
- working in an ethical manner
- identifying and reporting any instances which go against these practices.

Our procurement policy dictates how Whistl expects employees to manage gifts and hospitality, conflicts of interest and payments to suppliers. It also sets our Whistl’s responsibilities in relation to ESG, modern slavery and introducing new suppliers. The procurement practices at Whistl follow a standard seven-step sourcing process to ensure that any new sourcing exercise is fully considered and managed. This enables Whistl to clearly communicate the planned procurement process, including selection criteria, to suppliers upfront to ensure a fair and transparent supplier selection process is followed. A web-based supplier portal is used to manage due diligence activities on potential and existing suppliers, including any tender activity. This enables suppliers to see what is expected of them through a tender process upfront, before committing time to participating. We then provide commitment to suppliers in the form of contracts and purchase orders.

In 2023, we launched our new supplier charter, enabling us to establish and communicate more clearly the expectations we have of our suppliers in terms of environmental performance, ethics, human rights, modern slavery,

EDI, health and safety and information security. Ahead of our 2024 target, 91% of our strategic suppliers (by spend) had signed up to our charter by the end of 2023; from 2024 onwards, our supplier contracts will include a contractual obligation to sign our supplier charter.

Our supplier charter outlines the expectations of our suppliers to:

- adhere to applicable laws and regulations
- behave ethically
- provide safe and secure working conditions for their employees and ensure the same in their supply chains
- treat their employees fairly, providing equal opportunities, being inclusive and encouraging diversity
- minimise their impact on the environment.

We know that effective communication is a two-way practice and conduct regular supplier engagement sessions such as webinars and in-person events. We utilise our annual ‘Supplier Day’ to collaborate with our suppliers across key areas and recognise stand-out performance across our teams. The theme for 2023 was ‘Getting Stuff Done’, with a focus on how we can be more efficient, capture innovation and remove waste. The day included a business update from our Executive Chairman, an update on our ESG strategy and carbon footprint, and shared information on the part suppliers play in our reporting and achieving net zero.

We aim to keep things simple and seek feedback from stakeholders to make sure our procurement practices are fit for purpose. For example, our onboarding and tender processes have been recently reviewed and updated, taking on board feedback from Whistl’s tender team and suppliers. Their feedback has resulted in changes to the final process to ensure it is not overly onerous whilst including all the due diligence required. The process has also been updated so that suppliers’ time is not wasted answering questions which are irrelevant to the goods/ services being provided.

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

At Whistl, we recognise that our operations and business model – both now and in the future – face climate-related risks. Recent global events and weather patterns illustrate the reality of climate change for our planet. The transition to a low-carbon economy is necessary and unstoppable, and Whistl has committed to navigating the challenges to create a more sustainable future for all. We owe it to our colleagues, customers, communities and the environment to play our role in the fight against climate change and in addressing the risks that it poses to our business.

This promise underlines our commitment to aligning with the Task Force on Climate-related Financial Disclosures (TCFD – 2017 TCFD recommendations together with 2021 updates) and includes the development of a climate scenario risk mitigation plan. To this end, in 2023, we focused on enhancing our understanding of climate-related financial risks and opportunities and their potential impact on our business.

Over the year, we undertook the development of our net-zero target and decarbonisation strategy. By taking a science-based approach to our emissions reduction target and backing that up with climate-related KPIs, targets and strategic actions, we are setting ourselves up to steadily decarbonise. Alongside this, we have devoted time and resources to ensuring the physical states of our facilities are adapted to a changing climate and to keeping our workers and assets safe. These actions have strengthened our resilience to climate-related risks, and we will continue to report our progress towards adaptation and transition.

Our approach is structured in line with the four TCFD recommendations and supporting disclosures:

- Governance
- Strategy
- Risk management
- Metrics and targets



We view climate issues as material to the day-to-day operations of our organisation, and we continue to adhere to all relevant climate-related regulatory requirements.

A summary of our performance against each supporting disclosure is outlined in the sections below, and a reference table can be found on page 29. The climate-related risks and opportunities deemed most material to Whistl have been summarised on pages 26 and 27, alongside our management approach to control their impact on the business. We will continue to closely monitor the effects of climate change and the transitioning economy, adapting and enhancing our resilience for the times ahead.

Governance

We view climate issues as material to the day-to-day operations of our organisation, and we continue to adhere to all relevant climate-related regulatory requirements. As we strive to increase our resilience towards the changing climate, it is vital that we have strong governance to efficiently manage corresponding climate-related risks and opportunities.

Ultimately, our Head of ESG and Sustainability and our Business Services and ESG Director hold responsibility for the management of our climate-related risks and opportunities. This includes the overall coordination and ongoing monitoring of identified risks through our audit, risk and compliance management software, Symbiant. Through the governance structure that we have in place, climate-related risks and opportunities are managed at the appropriate operational levels, and actions are communicated through the designated channels.

Strategy

A primary objective of the TCFD recommendations is for companies to identify the actual and potential impacts of the potential climate-related risks and opportunities across short-, medium- and long-term horizons and outline their influence on the strategy and financial planning of their organisation. The desired outcome is an enhanced strategic resilience achieved through adaptation and the implementation of control measures. This section of our climate-related disclosures illustrates how Whistl has strengthened its strategic resilience by incorporating the management of climate-related risks and opportunities into our overall business strategy.

In 2022, Whistl declared its commitment to combatting climate change, and we took our first steps to identify our climate-related risks and opportunities. We developed a robust approach to climate scenario analysis to inform how climate-related risks may impact our business.

We undertook our climate scenario analysis in line with the climate science released by the Intergovernmental Panel on Climate Change (IPCC) and the UK Met Office, identifying two Representative Concentration Pathways (RCPs) as the climate emission scenarios for our modelling.¹

The RCPs represent two contrasting potential climate change futures.

Medium-emission scenario (RCP4.5)

A predicted global temperature increase of between 1.7°C and 3.2°C, in line with current climate change policies, pledges and commitments. If the world continues on its current trajectory, this is seen as the most likely scenario.

High-emission scenario (RCP8.5)

A global temperature increase of between 3.2°C and 5.4°C, where carbon emissions continue growing, unmitigated. With no mitigation, this is deemed the worst-case scenario.

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

To inform our scenario analysis, we took a portfolio-wide approach to consider the most significant climate-related risks and opportunities for Whistl's business across the UK. This process used climate data from the Met Office to identify the projected climate changes across England, Scotland and Wales.² The TCFD suggests examining short-, medium- and long-term time horizons for each scenario to provide a comprehensive overview of potential outcomes. The designated milestone year signifies when we should evaluate the risk for Whistl for each specified time horizon. The time horizons we chose align with global emissions milestones spanning from the current period to 2050. For each identified climate-related risk and opportunity, we therefore assessed the significance across the short term (2022 to 2030), medium term (2030 to 2040) and long term (2040 to 2050). In order to be consistent with TCFD requirements, we assessed the following.

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

Our assessment of Whistl's climate-related risks and opportunities considered both current and future strategic control measures to enhance the resilience of our business strategy, and then applied these measures to both of our chosen RCPs. Over time, we will continue to assess our business strategies against our identified climate-related impacts. This will include current and emerging risks and opportunities across the regulatory landscape, such as imposing

limits on emissions, as well as the most prevalent transition risks to our business strategy.

After completing our initial scenario analysis, we conducted collaborative workshops to assess the potential business and financial implications of our identified risks and opportunities. These workshops were attended by senior leaders and key stakeholders, including the Head of ESG and Sustainability, the Business Service and ESG Director and subject matter experts from across our business units. All provided insights and supported the risk and opportunity assessments. The collective insights from these workshops provided a comprehensive evaluation of climate-related risks and opportunities in their projected impact areas.

In FY23, we strengthened our analysis by describing and quantifying the financial impact of our most material climate-related risks and opportunities. This involved assessing potential effects on the financial position (assets, liabilities, capital and financing) and performance (revenue and expenditures) for each identified risk and opportunity.

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

PHYSICAL CLIMATE-RELATED RISKS			
Risk	Actual and potential impact	Materialisation	Management response
Sustained increase in temperatures generating health and safety risks for Whistl employees and risk of damage/reduced performance of certain equipment.	<p>Impact category: Minor</p> <ul style="list-style-type: none"> • Decreased revenue due to reduced efficiency of the workforce and equipment • Increased operating costs due to higher employee turnover • Increased operational costs for cooling to address overheating 	<p>Medium emissions (RCP4.5): medium term</p> <p>High emissions (RCP8.5): short term</p>	<p>To date, existing building and transportation management has been sufficient to mitigate risks. Future control measures may include:</p> <ul style="list-style-type: none"> • installing large fans across facilities to reduce the impact of extreme heat • amending shift schedules to reduce employee exposure to extreme heat. <p>Policies to dictate the course of action under various weather circumstances may be required, should extreme weather events impact business operations and employee health and safety.</p>
Extreme rainfall may disrupt Whistl's facilities and collection/delivery routes, affecting operational employees' utilisation and the business's ability to deliver to customers on time through its carrier partners.	<p>Impact category: Minor</p> <ul style="list-style-type: none"> • Reduced revenue due to delayed service delivery • Increased operational costs associated with increased time frame and potential route diversion to provide services • Increased capital costs for preventative upgrades and maintenance across facilities 	<p>Medium emissions (RCP4.5): medium term</p> <p>High emissions (RCP8.5): medium term</p>	<p>Weather conditions are monitored to ensure safe travel conditions for our employees. At present, this has been sufficient to manage the impact on routes.</p> <p>Larger sites across Whistl are built to the current standards with the installation of siphonic drainage systems to reduce the water pressure in the pipe work.</p> <p>We operate a planned preventative maintenance scheme for smaller sites to keep gutters and drains clear.</p> <p>Potential impacts to both routes and facilities will continue to be regularly monitored.</p>

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

TRANSITION CLIMATE-RELATED RISKS

Risk	Actual and potential impact	Materialisation	Management response
Failure to attract and retain climate-conscious customers, especially business customers seeking to reduce their Scope 3 emissions, due to a failure to transition to or utilise low-carbon carrier partners and processing methods.	<p>Impact category: Incidental</p> <ul style="list-style-type: none"> • Reduced market share • Reduced revenue due to loss of customers owing to Whistl not meeting procurement criteria 	<p>Medium emissions (RCP4.5): long term</p> <p>High emissions (RCP8.5): medium term</p>	<p>Sustainability performance, especially related to emissions reductions, has become an increasingly important topic among our customer base. Whistl has committed to an ambitious net-zero target alongside its net-zero strategy to enable its transition to a low-carbon economy. We report our performance against our strategy transparently through reputable platforms, including EcoVadis, CDP and SBTi.</p> <p>For further details on Whistl's approach to decarbonisation, see Whistl's 2023 ESG Report.</p>
Low-emission vehicle policies for Whistl's fleet, such as the 2035 ban on the sale of petrol/diesel and the introduction of vehicle charging zones (e.g. Clean Air Zones [CAZ] and the Ultra-Low Emission Zone [ULEZ]).	<p>Impact category: Incidental</p> <ul style="list-style-type: none"> • Increased capital cost for transitioning to a low-carbon fleet • Increased operating costs associated with decreased efficiency of low-emission vehicles 	<p>Medium emissions (RCP4.5): short term</p> <p>High emissions (RCP8.5): short term</p>	<p>Whistl has committed to low-emission vehicle targets across its fleet, which are more ambitious than those stipulated by regulatory requirements. Low-carbon options are assessed at each lease renewal and, to date, we have introduced 13 electric vans across our fleet. While low-carbon options for HGVs are not commercially viable for our operations at present, we have plans to invest in higher-efficiency HGVs to reduce emissions across our HGV fleet.</p>

CLIMATE-RELATED OPPORTUNITIES

Opportunity	Actual and potential impact	Materialisation	Potential for realisation
By leasing higher-efficiency heavy goods vehicles (HGVs) and completing driver efficiency training, Whistl can reduce operational emissions.	<ul style="list-style-type: none"> • Reduced operating costs due to lower fuel consumption 	<p>Medium emissions (RCP4.5): short term</p> <p>High emissions (RCP8.5): short term</p>	<p>Although transitioning to low-emission HGVs is not commercially viable at present, Whistl reviews opportunities to transition to higher-efficiency vehicles at each lease renewal. Drivers must also complete SAFED training, which reduces vehicle emissions through driver behaviour change. For further details on Whistl's fleet and driver training approach, see Whistl's 2023 ESG Report.</p>
Through collaboration and engagement with its suppliers, Whistl can accelerate the progress of its net-zero trajectory and drive change across the industry.	<ul style="list-style-type: none"> • Increased revenue and market share due to an improved perception of Whistl's ESG performance within the industry 	<p>Medium emissions (RCP4.5): short term</p> <p>High emissions (RCP8.5): short term</p>	<p>Whistl has engaged its top suppliers, predominantly carriers, for emissions data collection and collaboration toward emissions reductions. These actions can potentially reduce Whistl's carbon footprint faster and enhance its reputation across the industry.</p>

Risk management

The risk management process is governed by our Risk Management Committee (which reports to the Board of Management), which uses the process to identify and monitor potential risks.

Once we identify a climate-related risk or opportunity, we categorise it according to Whistl's five key risk categories:



Once the risk or opportunity has been categorised, we assess the size and scope of it based on the severity or likelihood of it occurring. We score both on a scale of 1 to 4 (minor (1) to extreme for severity (4), and rare to almost certain for likelihood). In the case of risk, if the inherent score is beyond our acceptable risk appetite, we work to mitigate, transfer, accept or control the risk.

Our Risk Management Committee will regularly evaluate, control and update our climate-related risks and opportunities (currently every six weeks) as part of our Group control measures. The significance of each climate-related risk and opportunity is reassessed following an evaluation and application of current control measures, and the resultant score is referred to as our residual risk score. Future controls and recommendations are also captured, producing a future risk score. This informs our strategic action planning.



Metrics and targets

Metrics and targets are effective tools to help businesses successfully monitor, manage and communicate their risks and opportunities. They are a means to convey transparent information about a business's climate-related performance to both internal and external stakeholders.

As detailed within this report, Whistl has made ambitious commitments to emissions reductions, headlined by our commitment to achieving net zero by 2045. We report our energy consumption as part of our ongoing commitment to combatting climate change, and we have established targets that will help us meet the UK Government's commitment to net zero by 2050. In 2022, we completed our first comprehensive carbon footprint in line with the Greenhouse Gas Protocol and the UK's Streamlined Energy and Carbon Reporting (SECR), and this will enable us to track progress against our net-zero targets year on year.

Our full suite of ESG KPIs and targets further enables us to manage and communicate our climate performance over time. Below are some of the ESG KPIs and targets that have been cascaded across the Whistl business:

- Achieve net zero by 2045
- Achieve a 100% zero and ultra-low emission small vehicle fleet by 2030
- Achieve a 100% zero and ultra-low emissions truck and HGVs by 2040
- Achieve 100% procured renewable electricity across all sites by end of 2025
- Achieve 20% energy from on-site generated renewable energy at key sites by 2025

Our Risk Management Committee will regularly evaluate, control and update our climate-related risks and opportunities (currently every six weeks) as part of our Group control measures.

Next steps

We recognise that we are on a journey towards a better understanding of the climate-related risks and opportunities for our business. As climate science evolves, we are committed to enhancing our understanding of what that means for Whistl. Therefore, we will conduct an updated scenario analysis in 2024, in line with the latest emission pathways from the IPCC; these are known as Shared Socioeconomic Pathways. We will also enhance our understanding of energy transition through an analysis of the International Energy Agency's World Energy Outlook's transition pathways. We will review our climate-related metrics and targets and measure progress against our 2022 baseline, as well as review our greenhouse gas (GHG) methodologies in line with best practice.

Task Force on Climate-related Financial Disclosures

For FY23, we fully comply with recommended disclosures.

Disclosure recommendation	Section reference	Assessment of compliance
Governance		
a) Describe the Board's oversight of climate-related risks and opportunities	ESG governance structure TCFD: Governance	Compliant
b) Describe management's role in assessing and managing climate-related risks and opportunities	ESG governance structure TCFD: Governance	Compliant
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	TCFD: Risks and opportunities	Compliant
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	TCFD: Strategy TCFD: Risks and opportunities	Compliant
c) Describe the resilience of the organisation's strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario	TCFD: Introduction TCFD: Strategy Preserving our natural environment	Compliant
Risk management		
a) Describe the organisation's processes for identifying and assessing climate-related risks	TCFD: Strategy TCFD: Risk management	Compliant
b) Describe the organisation's processes for managing climate-related risks	TCFD: Strategy TCFD: Risk management	Compliant
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	TCFD: Strategy TCFD: Risk management	Compliant
Metrics and targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities	TCFD: Metrics and targets Preserving our natural environment	Compliant
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks	TCFD: Metrics and targets TCFD: Risks and opportunities Preserving our natural environment	Compliant
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	TCFD: Metrics and targets TCFD: Risks and opportunities Preserving our natural environment	Compliant

Health and Safety

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

Our application and adherence to our H&S standards in 2023 has enabled us to remain below the industry average for days lost through injury and lost time.

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

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

	2023	2022
Total Incidents Reported	635	501
Environmental Incidents	22	9
Security Incidents	51	28
Health & Safety Incidents	565	464
Total Injury Accidents Reported	182	216
Total Lost Time Incidents	40	49
Non RIDDOR Lost Days	87	117
RIDDOR Lost Days	599	871
Total Lost Days	680	988
RIDDOR Incidents	19	23
HSE/EHO Visits/Enquiries	3	2
Accident Frequency Rate (AFR)	4.3	4.2
Accident Severity Rate (ASR)	32.3	38.6
Near Miss %	25%	35%

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

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

Compliance and accreditation

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

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

Employees are required to complete this training at different stages of their career with Whistl, including at induction, change of role, and on a regular basis to ensure they are aware of any updates - which supports our approach to continual improvement. The core mandatory training that is covered for all staff includes:

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

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

Certification

All of our existing certifications are audited by Lloyds Registered; we undergo external audits alongside our formal internal audit schedule to demonstrate our ongoing compliance with, and improvement within, these standards.

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

We are certified to and follow the standards below:

OFCOM requirements	<i>UK Postal Regulator</i>
Mail Industry Code of Practice (MICOP)	<i>Operational requirements for postal operators</i>
Postal Services Act 2011	<i>Legislation enabling privatisation of Royal Mail</i>
Data Protection Act	<i>Controls how personal information is used by organisations, businesses or the Government</i>
ISO 9001:2015 certified (DSA)	<i>International standard dedicated to Quality Management Systems</i>
ISO 27001:2013 Information Security (DSA)	<i>A set of standardised requirements for an Information Security Management System</i>
ISO 45001:2018 certified (DSA, Whistl Fulfilment and Parcelhub)	<i>International standard for health and safety at work</i>
ISO 14001:2015 Environmental, Health & Safety, Quality Management (DSA)	<i>The criteria for an environmental management system</i>
ISO 50001:2018 Energy Management	<i>The international standard for Energy Management</i>
Business Continuity Good Practice Guidelines 2018	<i>The definitive guide for business continuity and resilience professionals</i>
PCI:DSS compliant	<i>The Payment Card Industry Data Security Standard</i>
Carbon Disclosure Programme (CDP)	<i>Recognised as a global leader for engaging with our suppliers on climate change</i>
EcoVadis Gold Medal	<i>Gold award for environmental performance and corporate social responsibility (CSR).</i>
FSQS (Financial Services Qualification System)	<i>Requirement by the largest financial services companies' supplier procurement processes</i>
UK's Border Force & HMRC Customs Clearance Agent	<i>Enables us to offer air, sea and road clearance for mail and parcels entering the UK.</i>
RSQS (Retail Suppliers Qualification System)	<i>A supplier is complying with a minimum set of standards including CSR, legislation, information security and GDPR</i>
Ad NetZero	<i>To reduce the carbon impact of developing, producing and running UK advertising</i>
Investors in People (IIP)	<i>A framework to help focus on organisational priorities and improve performance through people</i>
CHAS (Contractor Health and Safety) Advanced Standard	<i>Standard which allows us to demonstrate our ability to ensure supply chain compliance, mitigate risks and support efficient supply chain management</i>
PAS91 (Publicly Available Specification) Standard	<i>Standard which enables us to fast-track procurement process by demonstrating as a contractor that we already comply to the latest standards across a number of criteria. The accreditation covers Health and Safety, Bribery and Corruption, Fraud, Training, Compliance, legal and regulatory requirements across modern slavery and EDI.</i>

Risk Management



The company's exposure is limited by having a broad customer base and a diversified portfolio of services, however the business remains exposed to fluctuations in marketing budgets, e-substitution, recession and continued market evolution.

Principal risks and uncertainties

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

Risk management

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

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

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

Risk Governance

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

Risk overview

The Board of Management recognises that the risks faced by the Group change and it regularly assesses risks to manage and mitigate any impact. Summarised below are the key risks, not in order of significance that the Board of Management has identified as the primary risks to the Group's successful financial performance, reputation or operations in the year ended 31 December 2023 and future years.

Financial risk management

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

Capital management

Management consider capital to consist of equity plus net debt as disclosed in the balance sheet. The primary objective of the Group's capital management is to ensure healthy capital ratios in order to support its business and maximise shareholder value. The Group's financial instruments comprise of cash and liquid resources and various other items, such as receivables and trade payables that arise directly from its operations. The Group's policy is to finance its operations through operating cash flows and has access to a fully committed irrevocable £65m facility jointly provided by HSBC and NatWest.

Market risk

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

In the Parcel and Mail business, the key factors for success are quality, customer confidence and competitive prices.

Regulatory risk

The DSA part of the Group operates in a regulated market which affords a level of protection against any anti-competitive behaviour, mandates access to Royal Mail's network and controls elements of Royal Mail's pricing. The regulator, Ofcom, has made changes to the postal regulatory regime following its last review, and this framework will remain in place until 2027. Management considers this risk to be manageable and in control.

Credit risk

The Group has significant credit risk which is managed by specialist credit control teams. Standardised company processes, credit checks, managed and monitored credit limits and tight credit control processes are adhered to in order to minimise the risk. In addition, the Group utilises credit insurance, where available to protect any significant exposure to bad debts.

Treasury management

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

Price Competition

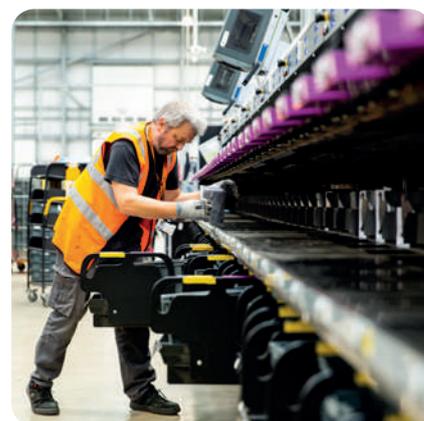
The Group operates in a highly competitive environment. The Group is focusing on excellent account management and consistent quality of service with initiatives designed to improve competencies surrounding customer services, operational improvement, sales support and training.

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

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

Inflationary pressures and supply chain

Inflationary pressures had already been increasing globally since 2022, as demand for goods and energy outpaced supply, due to Russia's invasion of Ukraine in February 2022. This was exacerbated by Israel's invasion of Gaza in October 2023. These wars led to further increases in global energy and fuel prices and shortages of certain commodities and labour negatively impacting growth forecasts. Any increase in our cost-base is partially protected via clauses in our customer and supplier contracts.



Cyber and IT data risk

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

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

The Group reviews information security regularly and invests in proportionate and appropriate services, resources, systems, training and processes to endeavour to ensure the security of its systems, data and customer information. The Group also utilises integrated and complementary solutions and services to protect against data security risks and provide solutions for mitigation and remediation supported by our Business Continuity Plan and by communicating to our staff the importance of maintaining vigilance to protect digital assets. We enforce robust security and privacy controls to offer our customers and employees the assurance that we are committed to compliance with the regulatory requirements of both Payment Card Industry Data Security Standard (PCI DSS) and fulfilling our obligations under data protection laws.

Business continuity

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

Anti-bribery and corruption

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

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

Whistleblowing

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

Modern Slavery Act compliance

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

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

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

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

The Group actively encourages the development of all their employees and has a number of programmes that can assist in achieving this at all levels in the business, including e-learning and apprenticeships.

Staff Development and Retention

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

Tax Evasion

The Group operates a policy as part of its efforts against tax evasion and the facilitation of tax evasion. This

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

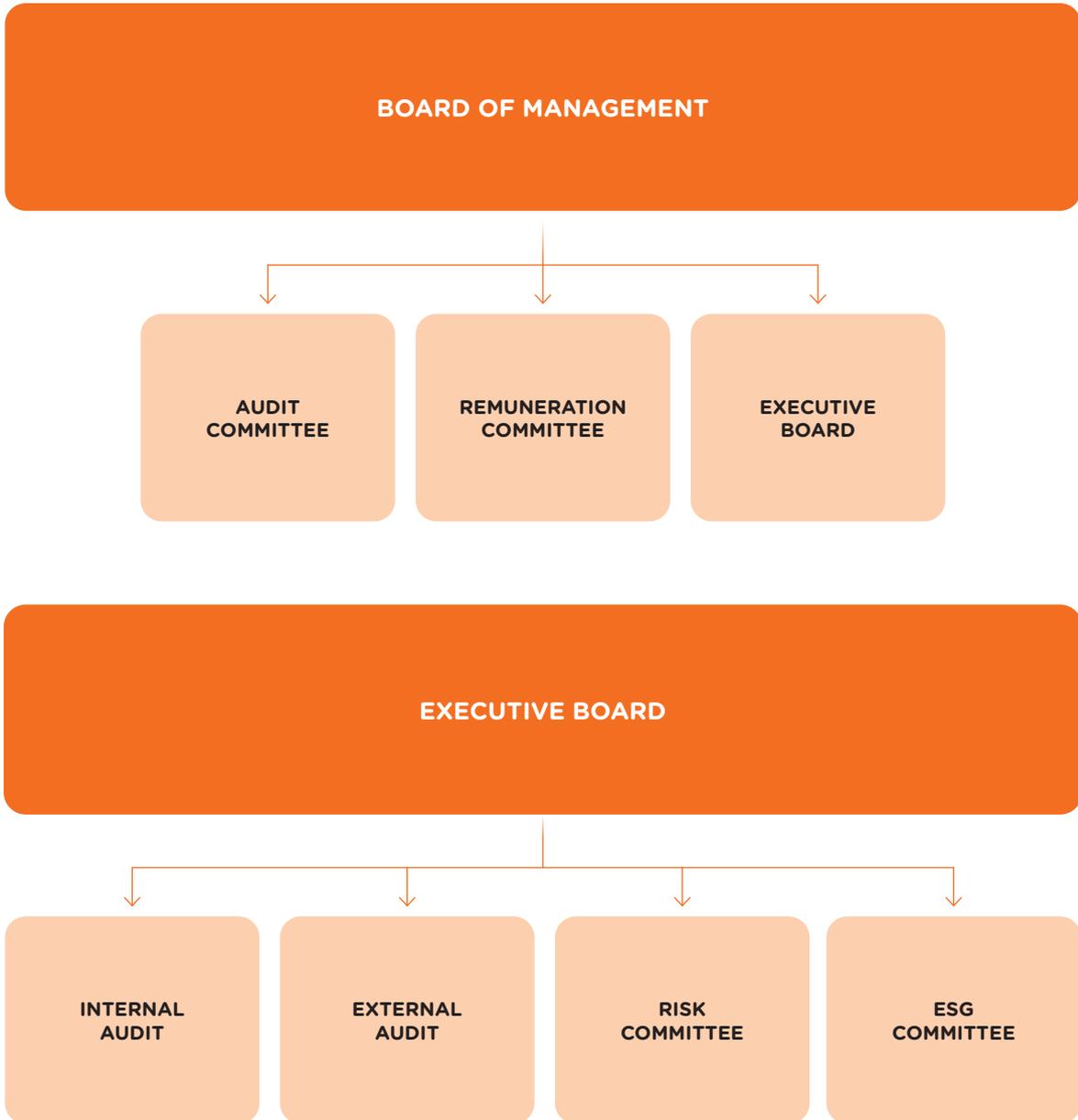
The policy applies to anyone working for any company in the Group (whether they are employees, contractors, workers or in any other form of contract). Specific provisions are also included in our contracts with suppliers. The policy and supplier provisions set out the prohibitions on engaging in any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

Climate-related risks and opportunities

At Whistl, we have integrated the monitoring of climate-related risks and opportunities into our principal risk management process; this comprises control risk assessments, risk registers and reviews, see page 28.



GOVERNANCE STRUCTURE



For the year ended 31 December 2023, the Group has voluntarily applied the Wates Corporate Governance Principles for Large Private Companies.

The Directors have set out below an explanation of how the Wates Principles have been applied during the 2023 year.

1. Purpose and leadership

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

2. Board Composition

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

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

Board of Management and its sub-committees

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

The Board of Management's scope of authority also covers:

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

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

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

- Board of Management meetings take place on a monthly basis
- Conflicts of interest are declared openly and in advance and are managed respectfully
- The Board of Management receives a report from the Executive Chairman and Chief Financial Officer as well as reports from its various committees and the Executive Board

- Members of the senior management team make presentations to both the Board of Management and the Executive Board on specific topics, creating a close connection between the Board of Management and the rest of the business

- In the period between Board of Management and Executive Board meetings, all Directors receive email updates on significant matters arising. This may result in discussion by conference call between Board of Management meetings.

The Board of Management is supported by three sub-committees - the Audit Committee, the Remuneration Committee and the Executive Board.

The Executive Board operates from Whistl Group Holdings Limited, and comprises individuals with a diversity of knowledge and experience from the management, service and operational functions of the Group. The membership of both the Remuneration Committee and the Audit Committee is appointed by the Board of Management. At present the members of each committee are the non-executive directors of the Board of Management. Each of the Remuneration Committee and the Audit Committee has terms of reference which sets out the scope of their authority and which are reviewed and revised where necessary.

Executive Board profiles

Nick Wells
Executive Chairman

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



Nigel Polglass
Chief Commercial Officer

Nigel joined the company in 2008 and became CCO in 2022. He also has Board responsibility for Whistl Mail and Posthub and function areas of HR, Property & Procurement, Security, SH&E & ESG and Regulation. Prior to Whistl, Nigel held senior positions in Hays PLC and Ceridian Corporation.



Manoj Parmar
Chief Finance Officer

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



John Evans
Director of Legal and Company Secretary

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



Andrew Goddard
Managing Director - Mail

Andy joined Whistl in 2006 as National Sales Director, became Commercial Director in 2013 and Managing Director for the Mail division in 2023. He joined the company on secondment from Express Dairies and prior to that he was Client Director Home Shopping, also running Door to Door, at Royal Mail.



Mark Davies
Managing Director E-commerce Marketing (ECM)

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



Lynn Dillon
HR Director

Lynn joined the business over 20 years ago becoming the Operations Director in the DDM business. She took over the HR Director role across the Group in 2014 and has been instrumental in creating a culture of continuous improvement.



Dave Twiddle
Director of Operations Mail & Parcels

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



Jason Powell
IT Director

Jason has been with Whistl since 2015 and is responsible for the design and implementation of the IT strategy, ensuring a seamless customer experience and leading Whistl's technology innovation programmes. He has held similar roles in the banking, BPO, utilities and retail sectors.



Gareth Hughes
Business Services and ESG Director

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



3. Director Responsibilities

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

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

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

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

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

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

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

4. Opportunity and Risk

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

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

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

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

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

The Group maintains full compliance with all applicable legislation either through certifications or alignment to best practice. The Group has developed an Operating Framework which includes the Group’s operating rules, processes, best practices and delegated authorities. The Group is also certified to the ISO 9001 - International standard dedicated to Quality Management Systems. For other certifications, see page 31.

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

In 2023, we set up an ESG Committee reporting to the Executive Board. The ESG Committee is responsible for delivering the ESG strategy across the business, drafting ESG-related policies and disclosures for approval, keeping up to date with ESG and climate-related issues, proposing large projects and costs, and reviewing ESG and climate-related risks and opportunities quarterly.

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

The Audit Committee ensures that material risks both inherent and emerging are identified and managed appropriately. The Audit Committee meets annually.

Robust internal processes exist to ensure systems and controls operate effectively, and that the quality and integrity of information provided is reliable.

5. Remuneration

The Group's Remuneration Policy and compensation practices were kept under review by the Board of Management, the Remuneration Committee and by the Executive Board throughout 2023, with a view to ensuring that they were consistent, and promoted effective risk management and were aligned to the Group's business strategy, values and long term objectives.

Remuneration for the directors and the senior managers in the Group is set by the Remuneration Committee which reviewed any changes to the remuneration packages of all executive directors, and certain senior managers within the Group for 2023, with a view to ensuring that executive performance was remunerated not only on financial performance, but also on qualitative measures aimed at preserving the legal, regulatory and reputational health of the Group.

The Board is committed to improving the Group's Gender Pay Gap. The Group's latest Gender Pay Gap Report (see pages 14 & 15), which was reviewed by the Board prior to publication and is available on the company's website at www.whistl.co.uk.

6. Communication with stakeholders

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

The Group undertake an annual employee engagement survey: MySay in which we have consistently achieved an overall Engagement score that is above the average for our sector, (see page 13).

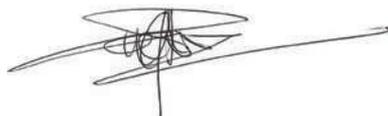
The Group keeps employees up to date on strategy and performance through a variety of channels, including formal leadership events, employee briefings, the Employee Forum and a digital employee communication tool. Regular meetings with the Employee Forum have continued on a quarterly basis and are supported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

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

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

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

The Strategic Report on pages 5 to 41 is approved on behalf of the Board.



Manoj Parmar
Director

3 July 2024

Directors' Report for the year ended 31 December 2023

The Directors present their report and the audited consolidated financial statements of the Group for year ended 31 December 2023.

Directors

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

N Wells
A Cochrane (resigned 23 June 2023)
N Polglass
M Parmar
J Greenbury
P Berendsen
M Nunny (resigned 26 March 2024)
S Ledwidge (appointed 26 March 2024)

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

Political donations

The Group made no political donations during the year.

Employee involvement

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

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

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

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

Matters covered in the Strategic report

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

Directors' duties

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

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

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

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

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

Risk Management

As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management. For details of our principal risks and uncertainties, and how we manage our risk environment, see pages 32 to 35.

Our People

The Group is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, customers, suppliers and society as a whole. People are at the heart of our specialist services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behavior so we achieve our goals in the right way. For further details on our people and employee involvement, see pages 12 to 15.

Business Relationships

Our strategy prioritises organic growth, driven by cross-selling and up-selling services to existing clients and bringing new clients into the Group. To do this, we need to develop and maintain strong client relationships. We value all of our clients and suppliers and have contracts with our key suppliers, see pages 18 and 24.

Culture and Values

The Board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our clients, people and other stakeholders. Through the use of employee forums and management workshops, we identify values that govern how we act as a business, see page 17.

Communication with stakeholders

Throughout the period, the Group has maintained regular monthly contact with its shareholders and investors to ensure that the interests of shareholders are aligned with the Company's. Good governance is an essential tool in ensuring that stakeholders remain committed partners as we invest in our business for the longer term. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered, see page 41.

Going concern

The Directors have prepared cash flow forecasts for the Group from the date of approval of the 2023 financial statements through to 31 July 2025 ("the going concern period"). These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future cash flow performance. The forecasts have been reverse stress tested by considering the impact of a sudden and significant reduction in revenue and profitability. In both the forecasts and the reverse stress tested scenarios the Group and the Company will have sufficient cash and existing borrowing facilities to continue in operation. In addition to cash at hand as at 31 December 2023 of £32.7m (2022: £32.5m), the Group's liquidity is further supported by our fully committed irrevocable £65m funding line jointly provided by HSBC and NatWest which is divided into a credit and working capital facility. This facility has been renewed for a further four years commencing June 2024.

In assessing whether the going concern basis is appropriate the Directors have taken account of all available information about the future up to and including 31 July 2025, which is at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Statement of disclosure of information to auditor

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

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

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law),

including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the company and of the profit or loss of the Group and the company for that period. In preparing these financial statements the Directors are required to:

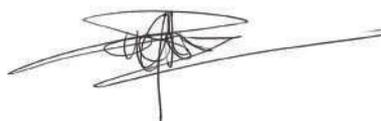
- select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and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

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

Independent auditor

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

Signed on behalf of the Board of Management.



Manoj Parmar
Director
3 July 2024

Independent Auditor's Report to the Members of Whistl Consolidated Limited

Opinion

We have audited the financial statements of Whistl Consolidated Limited ('the parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated statement of cash flows and the related notes 1 to 32, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Group's and of the parent company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for the period to 31 July 2025.

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 43, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group or to the parent company and determined that the most significant are those related to the reporting framework (FRS 102 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulations in the United Kingdom.
- We understood how the Group and parent company are complying with those frameworks by making inquiries of management and those charged with governance to understand how the Group and the parent company maintain and communicate its policies and procedures in these areas and corroborated this by inspecting supporting documentation.

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Dennett (Senior statutory auditor)

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

3 July 2024

Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Turnover	5	766,300	770,143
Cost of sales		(722,505)	(726,205)
Gross profit		43,795	43,938
Administrative expenses		(55,446)	(51,731)
Administrative expenses – Exceptional items	6	(4,885)	(969)
Total Administrative expenses		(60,331)	(52,700)
Other operating income		68	45
Operating profit:			
- Before amortisation, depreciation and exceptional items		3,608	7,213
- Amortisation and depreciation		(15,191)	(14,961)
- Exceptional items		(4,885)	(969)
Operating loss	6	(16,468)	(8,717)
Loss before interest and taxation		(16,468)	(8,717)
Interest receivable and similar income	9	98	14
Interest payable and similar expenses	10	(1,641)	(1,028)
Loss before taxation		(18,011)	(9,731)
Tax on loss	11	1,352	(323)
Loss for the financial year		(16,659)	(10,054)

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

The notes on pages 51 to 70 form part of these statements.

Consolidated Statement of Financial Position as at 31 December 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	13	61,051	71,500
Tangible assets	14	18,609	21,554
		79,660	93,054
Current assets			
Stocks	16	556	531
Debtors	17	90,415	94,942
Cash at bank and in hand		32,659	32,512
Total current assets		123,630	127,985
Creditors: amounts falling due within one year	18	(163,034)	(165,574)
Net current liabilities		(39,404)	(37,589)
Total assets less current liabilities		40,256	55,465
Creditors: amounts falling due after one year	19	(8,832)	(8,902)
Provisions for liabilities	20	(2,810)	(1,320)
Net assets		28,614	45,243
Capital and reserves			
Called up share capital	23	8	8
Share Premium Account	23	72,983	72,983
Other reserves		133	97
Retained deficit		(44,510)	(27,845)
Total equity		28,614	45,243

The notes on pages 51 to 70 form part of these statements. The financial statements on pages 46 to 70 were approved by the Board on 3 July 2024 and were signed on its behalf by



Manoj Parmar
Director

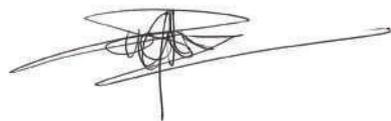
Registered number: 11995959

Company Statement of Financial Position as at 31 December 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Investment in subsidiary undertakings	15	93,264	93,264
Current assets			
Debtors	17	-	36
Cash at bank and in hand		-	3
Total current assets		-	39
Creditors: amounts falling due within one year	18	(17,996)	(19,230)
Net current liabilities		(17,996)	(19,191)
Total assets less current liabilities		75,268	74,073
Creditors: amounts falling due after one year	19	(2,030)	(1,141)
Net assets		73,238	72,932
Capital and reserves			
Called up share capital	23	8	8
Share premium account	23	72,983	72,983
Other reserves		133	97
Retained earnings/ (deficit)		114	(156)
Total equity		73,238	72,932

The notes on pages 51 to 70 form part of these statements.

The financial statements on pages 46 to 70 were approved by the board on 3 July 2024 and were signed on its behalf by



Manoj Parmar
Director

Registered number: 11995959

Consolidated Statement of Changes in Equity for the year ended 31 December 2023

	Called up share capital £'000	Share Premium £'000	Other reserves £'000	Retained earnings/ (deficit) £'000	Total equity £'000
At 1 January 2022	8	72,983	61	(17,791)	55,261
Share based payment	-	-	36	-	36
Total comprehensive expense for the year	-	-	-	(10,054)	(10,054)
At 31 December 2022	8	72,983	97	(27,845)	45,243
Share based payment (note 24)	-	-	36	-	36
Purchase of own shares	-	-	-	(6)	(6)
Total comprehensive expense for the year	-	-	-	(16,659)	(16,659)
At 31 December 2023	8	72,983	133	(44,510)	28,614

Company Statement of Changes in Equity for the year ended 31 December 2023

	Called up share capital £'000	Share Premium £'000	Other reserves £'000	Retained earnings/ (deficit) £'000	Total equity £'000
At 1 January 2022	8	72,983	61	508	73,560
Share based payment	-	-	36	-	36
Total comprehensive expense for the year	-	-	-	(664)	(664)
At 31 December 2022	8	72,983	97	(156)	72,932
Share based payment (note 24)	-	-	36	-	36
Purchase of own shares	-	-	-	(6)	(6)
Total comprehensive income for the year	-	-	-	276	276
At 31 December 2023	8	72,983	133	114	73,238

The notes on pages 51 to 70 form part of these statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Cash from operating activities before exceptional items		6,972	(829)
Exceptional items		(4,885)	(969)
Net cash from operating activities	25	2,087	(1,798)
Taxation receipts/(paid)		33	(165)
Net cash generated from operating activities		2,120	(1,963)
Cash flows from investing activities			
Purchase of subsidiary undertaking (net of acquired cash)		-	(86)
Purchases of intangible fixed assets		(683)	(869)
Purchases of tangible fixed assets		(1,370)	(3,155)
Proceeds from disposal of tangible fixed assets		10	10
Payment of deferred consideration		-	(1,135)
Interest received		98	14
Net cash outflow from investing activities		(1,945)	(5,221)
Cash flows from financing activities			
Purchase of own shares		(6)	-
Repayment of obligation under finance leases		(20)	(46)
Interest paid and similar expenses		(2)	(1,028)
Net cash used from financing activities		(28)	(1,074)
Net increase/(decrease) in cash and cash equivalents		147	(8,258)
Cash and cash equivalents at beginning of year		32,512	40,770
Cash and cash equivalents		32,659	32,512
Cash and cash equivalents at end of year consist of:			
Cash at bank and in hand		32,659	32,512

The notes on pages 51 to 70 form part of these statements.

Notes to the Consolidated Financial Statements for the year ended 31 December 2023

1 General information

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

2 Statement of compliance

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

3 Accounting policies

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

Basis of preparation

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

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

Going Concern

The Directors have prepared cash flow forecasts for the Group from the date of approval of the 2023 financial statements through to 31 July 2025 ("the going concern period"). These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future cash flow performance. The forecasts have been reverse stress tested by considering the impact of a sudden and significant reduction in revenue and profitability. In both the forecasts and the reverse stress tested scenarios the Group and the Company will have sufficient cash and existing borrowing facilities to continue in operation. In addition to cash at hand as at 31 December 2023 of £32.7m (2022: £32.5m), the Group's liquidity is further supported by our fully committed irrevocable £65m funding line jointly provided by HSBC and NatWest which is divided into a credit and working capital facility. This facility has been renewed for a further four years commencing June 2024.

In assessing whether the going concern basis is appropriate the Directors have taken account of all available information about the future up to and including 31 July 2025, which is at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Basis of consolidation

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

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2023. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2023 (continued)

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for delivery services provided in the normal course of business, net of discounts, rebates and Value Added Tax. Mail, Parcels and Cross Border (letters and parcels of various sizes) sales are recognised only on the passing over of Downstream Access Mail to Royal Mail and other carriers for final distribution. Agency revenue is part of Downstream Access Mail and recognised where the company enters into an agency agreement relationship, only the Whistl component of services provided is recognised as revenue and not the amounts collected on behalf of the principal.

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

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

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

Business combinations and goodwill

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

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

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

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

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged to allocate the cost of intangibles less their residual values over their estimated useful lives. The intangible assets are amortised over the following useful economic lives:

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

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

Tangible Fixed assets

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

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

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

Fixed asset investments – subsidiary undertakings

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

Impairment of assets

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

Financial instruments

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

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and amounts owed by Group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

Financial liabilities

Basic financial liabilities, including trade and other payables and amounts owed to Group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

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

Impairment of Financial assets

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

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

Stocks

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

Cash and cash equivalents

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

Provisions

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

Borrowing costs

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2023 (continued)

Finance leased assets

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

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

Operating lease agreements

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

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is recognised for the amount of tax payable/(recoverable) in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

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

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

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

Employee benefits

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

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

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

Foreign currencies

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

Exceptional items

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

Related party disclosures

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

Grants

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

Share based payments

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

Share capital

Ordinary shares are classified as equity.

Own shares

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

Priority dividend

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

Classification of Compound Financial Instrument

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2023 (continued)

4 Critical accounting judgements and estimation uncertainty

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

Going Concern

The financial statements have been prepared on the going concern basis, which assumes the Group will have sufficient funds available to enable it to continue to trade for the foreseeable future. Please refer to note 3 under basis of preparation on page 51 for more details on the judgements involved.

Provisions

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

Goodwill

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

Impairment of trade debtors

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

Deferred Tax

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

5 Turnover

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

	2023 £'000	2022 £'000
Mail, Parcels and International (letters and parcels of various sizes)	646,300	648,499
Fulfilment	84,300	78,894
E-commerce Marketing	35,700	42,750
	766,300	770,143

6 Operating loss

Operating loss is stated after charging/(crediting):

	2023 £'000	2022 £'000
Amortisation of goodwill	10,633	10,633
Amortisation of intangible fixed assets	467	538
Depreciation of tangible fixed assets	4,091	3,790
Loss from disposal of intangible fixed assets	10	-
Loss from disposal of tangible fixed assets	-	3
(Profit) from disposal of tangible fixed assets	(1)	-
Exceptional loss from disposal of tangible fixed assets*	237	529
Other exceptional costs*	4,648	440
Total exceptional costs*	4,885	969
Impairment of trade debtors	1,328	649
Grant income	(67)	(256)
Auditor's remuneration		
- as auditor	325	312
- other non-audit related services	47	32
Net loss on foreign currency translation	30	6
Operating lease charges:		
- Plant and machinery	6,462	6,181
- Other	12,219	10,952

* Exceptional costs of £4.9m were incurred 2023 which included £4.3m in relation to property closure and restructuring/redundancy costs and £0.2m loss on disposal of tangible fixed assets. Other exceptional costs include £0.3m of M&A advisory costs and £0.1m relating to legal and professional restructuring costs.

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

7 Employee information

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

	2023 Number	2022 Number
Sales, management, finance and administration	533	569
Operations	1,880	1,957
	2,413	2,526

The aggregate payroll costs of the above were:

	2023 £'000	2022 £'000
Wages and salaries	70,977	68,411
Social security costs	6,997	6,842
Other pension costs (note 26)	2,248	2,174
	80,222	77,427

Notes to the Consolidated Financial Statements for the year ended 31 December 2023 (continued)

8 Directors' emoluments

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

	2023 £'000	2022 £'000
Aggregate emoluments	1,136	1,213
Value of Group pension contributions to money purchase schemes	25	30
	1,161	1,243

Emoluments of highest paid Director:

	2023 £'000	2022 £'000
Aggregate emoluments	387	383
Value of Group pension contributions to money purchase schemes	-	-
	387	383

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

	2023 Number	2022 Number
Money purchase schemes	2	2

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

9 Interest receivable and similar income

	2023 £'000	2022 £'000
Bank interest	97	14
Other interest	1	-
	98	14

10 Interest payable and similar expenses

	2023 £'000	2022 £'000
Bank interest and similar expenses	-	361
Remeasurement of compound financial instrument (note 19)	1,639	663
Finance leases	2	4
	1,641	1,028

11 Tax on loss

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

	2023 £'000	2022 £'000
Current tax		
UK corporation tax on loss for the year at 23.5% (2022:19.0%)	19	(628)
Adjustment in respect of prior periods	448	182
Total current tax charge/(credit)	467	(446)
Deferred tax (note 21)		
Origination and reversal of timing differences	(1,091)	885
Rate changes	(214)	134
Adjustment in respect of prior periods	(514)	(250)
Total tax (credit)/ charge for the year	(1,352)	323

The tax credit (2022: charge) on the loss for the year is lower (2022: lower) than the standard rate of corporation tax in the UK of 23.5% (2022:19.0%). The differences are explained below.

	2023 £'000	2022 £'000
Loss on ordinary activities before taxation	(18,011)	(9,731)
Loss for the year multiplied by 23.5% (2022:19.0%)	(4,233)	(1,849)
Items not deductible for tax purposes	3,161	2,106
Adjustment in respect of prior periods	(66)	(68)
Rate changes	(214)	134
Total tax (credit)/ charge for the year	(1,352)	323

Following the enactment, during 2021, of the increased corporation tax rate of 25%, applicable from 1 April 2023, the blended corporation tax rate, applicable to the year ended 31 December 2023 is 23.5%. This blended rate has been used to calculate the corporation tax liability. Deferred tax has been calculated at 25%, being the corporation tax rate, applicable in future periods when the deferred tax is expected to be reversed.

The Whistl Group is within the scope of the Organisation for Economic Cooperation and Development (OECD) Pillar Two model rules. Pillar Two legislation has been enacted in the UK and will come into effect from 1 January 2024. Pillar Two legislation was not effective at 31 December 2023, thus the Group has no related current tax exposure. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as supported by the amendments to International Accounting Standard No.12 "Income Taxes" (IAS 12), issued in May 2023.

Under the Pillar Two legislation, the Whistl Group is liable to pay domestic top up tax for the difference between its effective tax rate and the minimum 15% rate.

For 2023 the effective tax rate of the Group in the UK is 7.5%, the Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect on 1 January 2024. Although the average effective tax rate may be below 15%, this assessment indicates that the Whistl Group is expected to be able to take advantage of the transitional rules set out in Schedule 16 of Finance Act (no 2) 2023, which are expected to reduce its liability to domestic top up tax to nil.

12 Profit and loss account of parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's retained profit for the year was £276,000 (2022: loss £664,000).

Notes to the Consolidated Financial Statements for the year ended 31 December 2023 (continued)

13 Intangible fixed assets - Group

	Purchased Goodwill £'000	Computer software/IT infrastructure £'000	Assets under construction £'000	Total £'000
Cost				
At 1 January 2023	105,131	3,577	189	108,897
Reclassification	-	-	(22)	(22)
Disposals	(65)	(184)	-	(249)
Additions	-	219	464	683
Transfer	-	239	(239)	-
At 31 December 2023	105,066	3,851	392	109,309
Amortisation				
At 1 January 2023	35,203	2,194	-	37,397
Disposals	(65)	(174)	-	(239)
Amortisation	10,633	467	-	11,100
At 31 December 2023	45,771	2,487	-	48,258
Net Book Value				
At 31 December 2023	59,295	1,364	392	61,051
At 31 December 2022	69,928	1,383	189	71,500

Purchased goodwill arising on acquisitions is being amortised on a straight line basis over a period of 10 years which is equal to the period over which the related non-monetary assets of the acquired business are being amortised.

14 Tangible fixed assets - Group

	Long Leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2023	3,494	23,777	759	2,958	95	31,083
Reclassification	-	22	-	-	-	22
Disposals	(148)	(205)	(145)	(142)	-	(640)
Additions	126	1,200	7	37	-	1,370
Transfer	100	(530)	-	430	-	-
At 31 December 2023	3,572	24,264	621	3,283	95	31,835
Depreciation						
At 1 January 2023	629	6,693	560	1,562	85	9,529
Disposals	(83)	(62)	(107)	(142)	-	(394)
Depreciation	529	2,616	86	855	5	4,091
At 31 December 2023	1,075	9,247	539	2,275	90	13,226
Net Book Value						
At 31 December 2023	2,497	15,017	82	1,008	5	18,609
At 31 December 2022	2,865	17,084	199	1,396	10	21,554

Assets under construction of £410,000 (2022: £807,000) are included in Plant and machinery.

The net carrying amount of assets held under finance leases included in Plant and machinery amounted to £nil (2022: £12,000).

15 Investments in Subsidiary undertakings - Company

Cost	2023 £'000
At 1 January 2023 & 31 December 2023	93,264
Net book value	-
31 December 2023	93,264
31 December 2022	93,264

At 31 December 2023 the company had a majority shareholding in the following entities:

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

* Registered office at Network House, Third Avenue, Marlow, Buckinghamshire, SL7 1EY.

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

See Note 31 for details of all undertakings held by Whistl Group Holdings Limited.

16 Stocks - Group

	2023 £'000	2022 £'000
Finished goods and goods for resale	556	531

There is no significant difference between the replacement cost of finished goods and goods for resale and their carrying amounts. Stock recognised as expenses during the period amounted to £3,802,000 (2022: £3,760,000).

17 Debtors

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade debtors	76,280	73,496	-	-
Corporation tax receivable	-	485	-	36
Deferred tax (note 21)	2,209	391	-	-
Other debtors	138	416	-	-
Prepayments and accrued income	11,788	20,154	-	-
	90,415	94,942	-	36

An impairment provision of £1,483,000 (2022: £711,000) was recognised against trade debtors. Group deferred tax includes £1,875,000 (2022: £nil) falling due after more than one year.

Notes to the Consolidated Financial Statements for the year ended 31 December 2023 (continued)

18 Creditors: amounts falling due within one year

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Bank overdraft	-	-	211	-
Trade creditors	54,822	62,802	-	-
Amounts owed to Group undertakings	-	-	17,779	19,229
Finance leases (note 22)	-	20	-	-
Corporation tax	14	-	6	-
Taxation and social security	21,162	21,281	-	-
Other creditors	2,741	3,245	-	-
Accruals and deferred income	84,295	78,226	-	1
	163,034	165,574	17,996	19,230

Amounts owed to Group undertakings relating to intra-group trading are unsecured, interest free and payable on demand. Net obligations under finance leases are secured by fixed charges against the assets they relate.

19 Creditors: amounts falling due after one year

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Compound financial instrument/liability	2,030	1,141	2,030	1,141
Other creditors	160	240	-	-
Accruals and deferred income	6,642	7,521	-	-
	8,832	8,902	2,030	1,141

The future priority dividend creates a financial liability which is presented as a compound financial instrument and has been recognised based on the probability of dividend payments becoming due in the future, the fair value of the dividend being £2,030,000 (2022: £1,141,000), measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement.

20 Provisions for liabilities – Group

	Onerous Provision £'000	Total £'000
At 1 January 2023	1,320	1,320
Additions in the year	1,490	1,490
At 31 December 2023	2,810	2,810

The onerous provision relates to property restructuring costs and office accommodation liability. Additions during the year relate to provision for additional accommodation liability costs in relation to leased property the Group had committed to exit as of 31 December 2023. The provision is expected to be utilised over the period to 2030.

21 Deferred tax

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

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Included in debtors (note 17)	2,209	391	-	-

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

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
At 1 January	391	1,161	-	-
Profit and loss account movement arising during the period	1,604	203	-	-
Utilisation of tax losses	-	(839)	-	-
Changes in tax rate	214	(134)	-	-
At 31 December	2,209	391	-	-

Expected net reversal of deferred tax assets and liabilities during 2024:

	Group £'000	Company £'000
At 31 December 2023	2,209	-
Profit and loss account movement expected during the period	(334)	-
At 31 December 2024	1,875	-

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

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Capital allowances in excess of depreciation	(2,656)	(2,894)	-	-
Tax losses	4,814	3,239	-	-
Short term timing differences	51	46	-	-
At 31 December	2,209	391	-	-

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

The Group recognised a net deferred tax asset of £2,209,000 (2022: £391,000) relating to reversal of existing differences on tangible fixed assets and corporation tax losses carried forward at 31 December 2023. Management believe that the Group will generate sufficient future taxable profits over the next five years in order to support the recognition of the deferred tax asset.

The company had no deferred tax asset/(liability) at 31 December 2023 and 31 December 2022.

Notes to the Consolidated Financial Statements for the year ended 31 December 2023 (continued)

22 Loans and other borrowings

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Finance leases	-	20	-	-
	-	20	-	-

Finance leases:

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Future Payments due:				
Within one year	-	22	-	-
Less: finance charges	-	(2)	-	-
Carrying value of liability	-	20	-	-

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

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

Share capital – allotted and fully paid in 2023

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

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

Date	A Ordinary Shares Number	B Ordinary Shares Number	C Ordinary Shares Number	D Ordinary Shares Number	E Ordinary Shares Number	F Ordinary Shares Number	Total Number
As at 1 Jan 23 & 31 Dec 23	15,000,000	30,886,695	7,286,920	9,962,661	9,000,000	5,988,724	78,125,000

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

Date shares purchased/(issued)	A Ordinary Shares Number	B Ordinary Shares Number	C Ordinary Shares Number	D Ordinary Shares Number	E Ordinary Shares Number	F Ordinary Shares Number	Total Consideration £
as at 1 January 2023	-	-	-	136,979	-	-	90,933
3 May 2023	-	-	-	-	-	390,625	6,153
5 July 2023	-	-	-	684,895	-	1,656,250	234
2 August 2023	-	-	-	-	-	312,500	31
14 September 2023	-	-	-	141,260	-	-	14
As at 31 December 2023	-	-	-	963,134	-	2,359,375	97,365

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

Share capital – allotted and fully paid in 2022:

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

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

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

Voting

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

Dividends

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

Distributions of capital

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

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

24 Share Based payments

Growth Shares

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

The company has issued F Ordinary shares to certain employees by way of gift. The fair value of these has been estimated at £nil (2022: £nil) and a charge of £36,000 ((2022: £36,000) has been made to the statement of comprehensive income in the year.

The fair value of the share is based on an externally obtained tax valuation per share of £0.035 (2022: £0.035) and an expected time frame from issue of share to exit of 10 years.

Notes to the Consolidated Financial Statements for the year ended 31 December 2023 (continued)

25 Notes to consolidated statement of cash flows

	2023 £'000	2022 £'000
Loss for the year before exceptional items	(11,774)	(9,085)
Exceptional items	(4,885)	(969)
Loss for the financial year	(16,659)	(10,054)
Adjustments for:		
Tax on loss	(1,352)	323
Net interest expense	1,543	1,014
Operating loss	(16,468)	(8,717)
Amortisation of purchased goodwill	10,633	10,633
Amortisation of intangible fixed assets	467	538
Loss on disposal of intangible fixed assets	10	-
Depreciation of tangible fixed assets	4,091	3,790
Loss on disposal of tangible fixed assets	237	532
(Profit) on disposal of tangible fixed assets	(1)	-
Government grants	(67)	(256)
Equity settled share based payment expense	36	36
Working capital movements:		
- (Increase) in stocks	(25)	(58)
- Decrease/(increase) in debtors	5,860	(10,185)
- (Decrease)/increase in payables	(2,686)	1,889
Cash from operating operations	2,087	(1,798)

	At 1 Jan 2023 £'000	Acquisition £'000	Cash flows in the year £'000	At 31 Dec 2023 £'000
Analysis of changes in net cash:				
Cash at bank and in hand	32,512	-	147	32,659

26 Pension costs

The Group operates one defined contribution pension scheme. The assets of the scheme are held separately from the company in an independently administered fund. The pension cost charges represent contributions payable by the Group to the fund and amounted to £2,248,000 (2022: £2,174,000).

There were £180,000 accrued pension contributions at 31 December 2023 (2022: £186,000).

27 Guarantees

The Group is subject to a multilateral guarantee by other Group entities. The Group can draw on a fully committed irrevocable £65m facility jointly provided by HSBC and Natwest (2022: £75m provided by HSBC) which includes a supplier guarantee facility of £29m. This facility has been renewed for a further four years commencing June 2024. HSBC and NatWest have a fixed and floating charge over the Group's assets. An additional £3m supplier guarantee has been provided by another Group company, Whistl Group Holdings Limited.

28 Related party transactions

Sales and purchases in the year and amounts due to/by Whistl Consolidated Limited as at 31 December 2023 to related parties/ undertakings are disclosed below:

	Purchase/ recharges to Whistl Group 2023 £'000	Amounts due by Whistl Group 2023 £'000	Purchase/ recharges to Whistl Group 2022 £'000	Amounts due by Whistl Group 2022 £'000
Business Growth Fund (BGF)	83	-	81	-
PostNL Data Solutions B.V.	231	79	279	81
Prime Vision B.V.	59	44	227	201
	373	123	587	282

The Group also has a trading relationship with P2G.Com Worldwide Limited in which James Greenbury was a director and resigned 12 March 2023. The revenue from transactions with the company for the year ended 31 December 2023 amounted to £75,000 (2022: £485,000) with an amount of £20,000 (2022: £16,000) due to the Group at the year-end. The expenditure incurred with the company by the Group for the year ended 31 December 2023 amounted to £nil (2022: £14,000) with an amount of £nil (2022: £2,000) due to P2G.Com Worldwide Limited by the Group at the year-end.

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

29 Financial Commitments: Group

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

	2023 £'000	2022 £'000
Within one year	17,636	19,907
Within two and five years	41,074	50,542
Over five years	21,344	29,138
	80,054	99,587

Notes to the Consolidated Financial Statements for the year ended 31 December 2023 (continued)

30 Financial instruments

The Group has the following financial instruments:

	2023 £'000	2022 £'000
Financial assets at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost:		
- Trade debtors (note 17)	76,280	73,496
- Other debtors (note 17)	138	416
	76,418	73,912
Financial assets that are equity instruments measured at cost less impairment.	-	-
Financial liabilities at fair value through profit and loss	-	-
Financial liabilities measured at amortised cost:		
- Trade creditors (note 18)	(54,822)	(62,802)
- Other creditors (note 18 & 19)	(2,901)	(3,485)
- Compound financial instrument (note 19)	(2,030)	(1,141)
- Finance leases (note 18 & 19)	-	(20)
	(59,753)	(67,448)

The company has the following financial instruments:

	2023 £'000	2022 £'000
Financial assets that are equity instruments measured at cost less impairment	-	-
Financial liabilities at fair value through profit and loss	-	-
Financial liabilities measured at amortised cost:		
- Amounts owed to Group undertakings (note 18)	(17,779)	(19,229)
- Compound financial instrument (note 19)	(2,030)	(1,141)
	(19,809)	(20,370)

31 Subsidiaries and related undertakings

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

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

* All the above subsidiaries are included in the consolidation, registered office at Network House, Third Avenue, Marlow, Buckinghamshire, SL7 1EY.

^ Entities are indirectly held
= Entity exempt from audit.

Notes to the Consolidated Financial Statements for the year ended 31 December 2023 (continued)

32 Ultimate controlling party

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

These financial statements are available from the registered office at Network House, Third Avenue, Marlow, Buckinghamshire, SL7 1EY.

Directors and Advisors for the year ended 31 December 2023

Directors

N Wells
N Polglass
M Parmar
J Greenbury
P Berendsen
S Ledwidge

Company secretary

J Evans

Registered office

Network House
Third Avenue
Marlow
United Kingdom
SL7 1EY

Independent auditor

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

Banker

HSBC Bank Plc
26 Broad Street
Reading
Berkshire
RG1 2BU

Solicitor

Field Seymour Parkes
1 London Street
Reading
Berkshire
RG1 4PN

Glossary of terms

Agency customer	Whistl collects and sorts mail for a customer that also use Whistl as its agent to secure a direct Downstream Access Agreement with Royal Mail
BEIS	Department for Business, Energy & Industrial Strategy
BGF	Business Growth Fund
CDP	Carbon Disclosure Project
CMS	Carrier Management System
CEO	Chief Executive Officer
COO	Chief Operating Officer
CFO	Chief Finance Officer
CCMA	Call Centre Management Association
DDM	Doordrop Media, the in-home advertising division of Whistl
Direct Access customer	Large mailers have a direct Downstream Access agreement with Royal Mail and use a third party to collect and inject the pre-sorted mail into Royal Mail for final mile delivery
Downstream	Mail and parcels that are injected directly into Royal Mail for sortation and final delivery
DSA	Downstream Access Agreement allowing competitors to inject mail into Royal Mail for delivery to the household
EBIT	Operating profit before interest and tax
EBITDA	Operating profit before interest, tax and exceptional items adjusted for the depreciation and amortisation charge for the year
EDI	Equality, diversity and inclusion
End to End	From collection of mail through to sortation and delivery to homes or businesses
ESG	Environment, Social and Governance
Financial Reporting Standard 102	'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and Companies Act 2006
HMRC	HM Revenue & Customs
IIP	Investors in People
ISO	International Standards Organisation
JICMAIL	Joint Industry Committee for Mail, providing audience measurement data for advertising mail and door drops
Leafletdrop	Whistl online tool to create, print and book a leaflet distribution in one place
LEAP	Whistl career and development programme
NPS	Net Promoter Score
OECD	Organisation for Economic Cooperation and Development
Ofcom	Office for Communications, the Postal Regulator
OMS	Order Management System
ONS	Office for National Statistics
Partially Addressed Mail	Advertising mail that does not use personal data
RIDDORS	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
Royal Mail	UK National Postal Operator
SECR	Streamlined Energy and Carbon Reporting (SECR)
SMEs	Small and medium-sized enterprises
TCFD	Task Force on Climate-related Financial Disclosures
TMS	Transport Management System
Upstream	Collection of mail from a client and sorted, ready for injection into Royal Mail

Whistl Consolidated Limited

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whistl