

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you should seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who specialises in advising on the acquisition of shares and other securities and is authorised under Financial Services and Markets Act 2000 if you are resident in the UK, or, if you are not resident in the UK from an authorised independent adviser in your jurisdiction. The whole of this document should be read. You should be aware that an investment in the Enlarged Group involves a high degree of risk and prospective investors should carefully consider the section entitled "Risk Factors" in Part II of this document.

If you have sold or transferred or sell or transfer before 6.00 p.m. on 16 February 2024, your entire holding of Existing Ordinary Shares, please send this document (but not the personalised form of proxy) as soon as possible to the purchaser or transferee of those shares or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such an act would constitute a violation of the relevant laws of such jurisdiction.

This document should not be forwarded or sent in, into or from any Restricted Jurisdiction and persons outside the UK into whose possession this document may come, should inform themselves about and observe any applicable restrictions under the laws of the jurisdiction in which this document is received.

This document, which comprises an AIM Admission Document drawn up in accordance with the AIM Rules for Companies, does not comprise a prospectus within the meaning of section 85 of FSMA and has not been prepared in accordance with the Prospectus Regulation Rules. This document has not therefore been approved by or filed with the Financial Conduct Authority for the purposes of the Prospectus Regulation Rules.

The Existing Directors and the New Directors, whose names appear on page 11, and the Company, accept responsibility, both individually and collectively, for the information contained in this document other than the information concerning the members of the LS Concert Party and their intentions for which the members of the LS Concert Party accept responsibility. To the best of the knowledge and belief of the Existing Directors and the New Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. Each member of the LS Concert Party accepts responsibility for the information contained in this document relating to itself (including any expressions of opinion). To the best of the knowledge and belief of each member of the LS Concert party (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which it is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made for the Enlarged Share Capital to be re-admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the Financial Conduct Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required, pursuant to the AIM Rules for Companies, to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission to AIM in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List of the Financial Conduct Authority. The Ordinary Shares are not dealt in on any other recognised investment exchange and apart from the application for admission to AIM, no other such applications have been or will be made.

LOCATION SCIENCES GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 06458458)

PROPOSED ACQUISITION OF SORTED HOLDINGS LIMITED

PROPOSED SUBSCRIPTION OF 2,285,712 NEW ORDINARY SHARES AT 87.50P PER SHARE

PROPOSED SHARE CONSOLIDATION

PROPOSED CHANGE OF NAME TO SORTED GROUP HOLDINGS PLC

ADMISSION OF THE ENLARGED SHARE CAPITAL TO TRADING ON AIM

AND

NOTICE OF GENERAL MEETING



Nominated Adviser

A Notice convening a General Meeting of the Company to be held at One Wood Street, London, EC2V 7WS, UK at 12.00 p.m. on 16 February 2024 is set out at the end of this document. The enclosed Form of Proxy for use at the meeting should be completed and returned to the Company's registrars, Computershare Investor Services PLC, by post to The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom as soon as possible but in any event, in order to be valid, to arrive not later than 48 hours before the time appointed for the meeting (excluding non-working days). Alternatively, you may appoint your proxy electronically via the Registrar's website at www.investorcentre.co.uk/eproxy. You will need your Control Number, SRN and PIN which can be found on your personalised Form of Proxy enclosed. CREST members can also vote by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the meeting should they so wish.

Allenby Capital, which is a member of the London Stock Exchange, is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is acting as Nominated Adviser to the Company. Allenby Capital is acting on behalf of the Company and no other person in connection with the Admission and will not be responsible to any person other than the Company for providing the regulatory and legal protections afforded to customers of Allenby Capital, nor for providing advice in relation to the information contained in this document or any matter, transaction or arrangement referred to herein. In particular, the information contained in this document has been prepared solely for the purposes of Admission and it is not intended to be relied on by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is owed to Allenby Capital. The responsibilities of Allenby Capital in its capacity as the Company's Nominated Adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the LSE and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this document. Without limiting the statutory rights of any person to whom this document is issued no warranty, express or implied, is made by Allenby Capital as to any of the contents of this document for which the Directors and the Company are solely responsible. Allenby Capital has not authorised the contents of any part of this document and no liability whatsoever is accepted by Allenby Capital for the accuracy of the information and opinions contained in this document or for the omission of any material information from this document, for which it is not responsible.

IMPORTANT INFORMATION

General

This document should be read in its entirety before making any decision to subscribe for or purchase any Ordinary Shares. Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or Allenby Capital or any of their respective affiliates, officers, directors, partners, employees or agents. No representation or warranty, express or implied, is made by Allenby Capital, nor any of its directors, officers, agents or advisers, as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Allenby Capital or any of its directors, officers, agents or advisers, as to the past, present or future. No person has been authorised to give any information or make any representation other than those expressly contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this document nor any subscription or purchase made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Enlarged Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Enlarged Group must not treat the contents of this document or any subsequent communications from the Company or Allenby Capital or any of their respective affiliates, officers, directors, partners, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

If there is any doubt about the contents of this document or the action which should be taken, prospective investors should immediately seek independent financial, investment, legal or tax advice from their stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if the investor is based in the United Kingdom, or, if the investor is based outside the United Kingdom, from an alternative appropriately authorised independent adviser.

Save for the responsibilities and liabilities, if any, which may be imposed on Allenby Capital by the FSMA or the regulatory regime established thereunder, Allenby Capital does not accept any responsibility for any the contents of this document, including its accuracy, completeness, verification or for any statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Subscription and Admission. Allenby Capital accordingly disclaims all and any liability whether arising in tort, contract or otherwise in respect of or in connection with this document or any such statement.

Neither the Directors, Allenby Capital, or any of their respective officers, directors, agents or advisers accepts any responsibility for the appropriateness, fairness, accuracy, completeness or reliability of any information reported by the press or other media, or any forecasts, views or opinions expressed by the press or other media or any other person regarding or in connection with the Subscription or the Enlarged Group.

As required by the AIM Rules for Companies, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation of the Subscription by prospective investors occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

This document is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation, by the Company or Allenby Capital or any of their respective representatives, that any recipient of this document should subscribe for or purchase any of the Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase any Ordinary Shares, prospective investors should read the entirety of this document and, in particular, the section entitled "**Risk Factors**" in Part II of this document. It is noted that investing in and holding the Ordinary Shares involves financial risk and prospective investors should carefully consider whether such an investment is suitable for them taking into account the information contained in this document and their independent circumstances.

Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination (or an examination by the prospective investor's FSMA-authorized or other appropriate advisers) of the Enlarged Group and the terms of this document, including the risks involved. Any decision to purchase Ordinary Shares should be based solely on this document and the prospective investor's own (or such prospective investor's FSMA authorized or other appropriate advisers') examination of the Enlarged Group.

Investors who subscribe for or purchase Ordinary Shares in the Subscription will be deemed to have acknowledged that: (i) they have not relied on Allenby Capital or any person affiliated with it in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Enlarged Group or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors or Allenby Capital, nor any of their respective directors, officers, agents or advisers.

None of the Enlarged Group, the Directors or Allenby Capital or any of their respective representatives makes any representation to any purchaser of Ordinary Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Subscription, Allenby Capital and any of its affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Enlarged Group or related investments in connection with the Subscription or otherwise. Accordingly, references in this document to the Ordinary Shares being offered, subscribed, purchased, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, purchase, acquisition, dealing or placing by Allenby Capital or any of its affiliates acting as investors for their own accounts. Allenby Capital does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Allenby Capital and any of its affiliates may have engaged, and may in the future, from time to time, engage, in transactions with, and provided various investment banking, financial advisory or other services in the ordinary course of their business with the Enlarged Group, for which they would have received, and may in the future receive, customary fees. As a result of these transactions, these parties may have interests which may not be aligned, or could possibly conflict, with the interests of investors.

Notice to prospective investors in the United Kingdom

No Ordinary Shares have been offered or will be offered pursuant to the Subscription to the public in the United Kingdom, except that the Ordinary Shares may be offered to the public in the United Kingdom at any time:

1. to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
2. to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of Allenby Capital Limited for any such offer; or
3. in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of the Ordinary Shares shall require the Enlarged Group, Allenby Capital or any other person to publish a prospectus pursuant to section 85 of the FSMA or supplemental prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Ordinary Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Ordinary Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

In addition, in the United Kingdom, the Subscription is only being directed at persons who are “qualified investors” (within the meaning of Article 2 of the UK Prospectus Regulation) who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); or (ii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) are such other persons to whom it may otherwise be lawful to communicate it to (each, a “**Relevant Person**”). Any investment or investment activity to which this document relates is only available to Relevant Persons and will be engaged in only with such persons. Persons who are not Relevant Persons should not rely on or act upon this document.

Notice to prospective investors in the European Economic Area

In relation to each Member State of the EEA (each a “**Member State**”), no Ordinary Shares have been offered or will be offered pursuant to the Subscription to the public in that Member State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Member State, or otherwise in accordance with the EU Prospectus Regulation, except that offers of Ordinary Shares to the public may be made at any time under the following exemptions under the EU Prospectus Regulation:

- to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) in such Member State; or
- in any other circumstances falling within Article 4(2) of the EU Prospectus Regulation,

provided that no such offer of Ordinary Shares shall require the Company or any other person to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 2(e) of the EU Prospectus Regulation and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Subscription will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of the EU Prospectus Regulation.

Neither the Company nor Allenby Capital has authorised, nor does either of them authorise, the making of any offer of Ordinary Shares in circumstances in which an obligation arises for the Company to publish a prospectus or a supplemental prospectus in respect of such offer.

For the purposes of this provision, the expression “an offer to the public” in relation to any offer of Ordinary Shares in any Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares.

Other jurisdictions

The distribution of this document and the offer and sale of Ordinary Shares in certain jurisdictions may be restricted by law. No action has been taken or will be taken to permit the possession or distribution of this document (or any other offering or publicity materials relating to Ordinary Shares) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this document, nor any advertisement or any other offering material may be distributed or published in or from any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, New Zealand, Canada, the Republic of South Africa or Japan. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) nor under the applicable securities laws of any States of the United States, or any province or territory of New Zealand, Canada, the Republic of South Africa or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not be offered or sold directly in or into the United States, New Zealand, Canada, the Republic of South Africa, Japan or to any resident of the aforementioned jurisdictions.

Forward looking statements

Certain statements in this document are or may be deemed to be “forward looking statements”, including statements about current beliefs and expectations of the Directors. In particular, the words “envisage”, “projects”, “expect”, “anticipate”, “estimate”, “may”, “should”, “plan”, “intend”, “will”, “would”, “could”, “target”, “believe” and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. Such forward looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Board's expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations and estimates and projections of the Enlarged Group's financial performance. Though the Board believes these expectations to be reasonable at the date of this document, they may prove to be erroneous. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements or performance of the Enlarged Group, or the industry in which the Enlarged Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements. Prospective investors are strongly recommended to read the risk factors set out in Part II of this document.

Any forward-looking statement in this document speaks only as of the date it is made. Save as required by law, regulation or the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Board's expectations or in order to reflect events or circumstances after the date of this document.

Any forward-looking statement in this document based on past or current trends and/or activities of the Enlarged Group should not be taken as a representation or assurance that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Enlarged Group for the current year or future years will match or exceed the historical or published earnings of the Enlarged Group.

Presentation of financial information

Unless otherwise indicated, financial information set out in this document has been prepared in accordance with UK-adopted International Financial Reporting Standards (“IFRS”). For full details of the basis of preparation, please refer to page 72 and 107 (Basis of preparation) of the Target's Historical Financial Information in Part IV (“Historical Financial Information on Sorted Holdings Limited”) of this document. Any unaudited financial information set out in this document has been extracted without material adjustment from the accounting records of the relevant entity. Certain non-IFRS measures such as operating profit and losses before exceptional items have been included in the Historical Financial Information, as the Directors believe that these provide important alternative measures with which to assess the Enlarged Group's performance. Prospective investors should not consider these as an alternative for revenue or operating profit which are IFRS measures. Additionally, the Enlarged Group's calculations of non-IFRS measures may be different from the calculation used by other companies and therefore comparability may be limited.

Presentation of currencies

Unless otherwise indicated, all references in this document to “sterling”, “pounds sterling”, “GBP”, “£”, “penny”, “pence” or “p” are to the lawful currency of the United Kingdom and references to “US\$” are references to the lawful currency of the United States. Unless otherwise indicated, the financial information set out in this document has been expressed in pounds sterling.

Rounding

The information contained in this document, including financial information presented in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Market, economic and industry data

This document includes market share and industry data and forecasts that were obtained by the Enlarged Group from industry publications and surveys and from the Enlarged Group's knowledge of its industry. Where information has been sourced from a third party, the Enlarged Group confirms that the information has been accurately reproduced and, as far as the Enlarged Group is aware and has been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such third-party information has not been audited or independently verified and the Enlarged Group and the Directors accept no responsibility for its accuracy or completeness.

Certain market share information and other statements in this document regarding the industry in which the Enlarged Group operates and the Enlarged Group's position relative to its competitors are not based on published statistical data or information obtained from independent third parties. Rather, such information and statements reflect the Directors' best estimates based upon information obtained from trade and business organisations and associations and other contacts within the industry in which it competes, as well as information published by its competitors.

No incorporation of websites

The contents of the Enlarged Group's websites (or any other website) do not form part of this document and prospective investors should not rely on such information.

Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions".

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof. Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

Notice to Distributors

Solely for the purposes of Paragraph 3.2.7R regarding the responsibilities of UK Manufacturers under the Product Governance requirements contained within Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in UK Product Governance Requirements; and (ii) eligible for distribution through all distribution channels as are permitted by UK Product Governance Requirements (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Subscription. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of the UK Product Governance Requirements; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares as well as determining appropriate distribution channels.

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KEY STATISTICS

Number of Existing Ordinary Shares	2,647,587,398
Consolidation ratio	One New Ordinary Share for every 625 Existing Ordinary Shares
Number of New Ordinary Shares following the Share Consolidation	4,236,140
Number of Subscription Shares	2,285,712
Number of Remuneration Shares	137,142
Number of CLN Shares	980,711
Enlarged Share Capital on Admission	7,639,705
Number of Deferred Shares in issue as at the date of this document	1,417,364,132
Subscription Shares as a percentage of the Enlarged Share Capital	29.92 per cent.
Issue Price	87.50p
Market capitalisation of the Company at the Issue Price on Admission	£6,684,741.88
Gross proceeds of the Subscription	£1,999,997.99
Estimated net proceeds of the Subscription ¹	£997,352.99
ISIN for the Existing Ordinary Shares	GB00BGT36S19
SEDOL for the Existing Ordinary Shares	BGT36S1
LEI	213800MKYV25HW2IAX70
ISIN for the Ordinary Shares	GB00BPDX2041
SEDOL for the Ordinary Shares	BPDX204
Current AIM symbol	LSAI
AIM symbol from Admission	SORT

1. *After deduction of estimated commissions, fees and expenses payable by the Company of approximately £1.02 million (excluding VAT).*

Notes:

- The above statistics assume the passing at the General Meeting of the Resolutions.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	30 January 2024
Latest time and date for receipt of Forms of Proxy	12.00 p.m. on 14 February 2024
Admission of 102 Existing Ordinary Shares	8.00 a.m. on 16 February 2024
Time and date of General Meeting	12.00 p.m. on 16 February 2024
Record Date for the Share Consolidation	6.00 p.m. on 16 February 2024
Allotment of Subscription Shares, Remuneration Shares and CLN Shares	16 February 2024
Acquisition Agreement unconditional, Admission effective and commencement of dealings in the Enlarged Share Capital on AIM	8.00 a.m. on 19 February 2024
Expected date for CREST accounts to be credited (where applicable)	As soon as practicable after 8.00 a.m. on 19 February 2024
Expected date for share certificates to be dispatched (where applicable)	by 26 February 2024

Notes:

- All future times and/or dates referred to in this document are subject to change at the discretion of the Company and Allenby Capital and if any of the above times or dates should change, the revised times and/or dates will be notified by an announcement on RIS.
- Events listed in the above timetable following the General Meeting are conditional on the passing at the General Meeting of the Resolutions.

DIRECTORS, SECRETARY AND ADVISERS

Existing Directors	Simon John Wilkinson (<i>Non-Executive Chairman</i>) Dr. Nigel John Burton (<i>Non-Executive Director</i>)
New Directors	Carmen Christine Carey (formerly Witzel) (<i>New Chief Executive Officer</i>) Mahmoud Hamid Warriah (<i>New Chief Financial Officer</i>) Petar Cvetkovic (<i>New Non-Executive Director</i>)
New Board	Simon John Wilkinson (<i>Non-Executive Chairman</i>) Carmen Christine Carey (<i>Chief Executive Officer</i>) Mahmoud Hamid Warriah (<i>Chief Financial Officer</i>) Dr. Nigel John Burton (<i>Non-Executive Director</i>) Petar Cvetkovic (<i>Non-Executive Director</i>)
	<i>The business address for each of the Directors is at the Registered Office.</i>
Company Secretary	BPE Secretaries Limited
Registered Office	First Floor St James House St James Square Cheltenham Gloucestershire GL50 3PR United Kingdom
Company Website	Current: www.locationsciencesgroup.ai From admission: www.sorted.com
Nominated Adviser	Allenby Capital Limited 5 St. Helen's Place London EC3A 6AB United Kingdom
Broker	Turner Pope Investments (TPI) Limited 8 Frederick's Place London England EC2R 8AB United Kingdom
Solicitors to the Company	Eversheds Sutherland (International) LLP One Wood Street London EC2V 7WS United Kingdom
Solicitors to the Nominated Adviser	Freeths LLP 1 Vine Street Mayfair London W1J 0AH United Kingdom

**Solicitors to Sorted
Holdings Limited**

Addleshaw Goddard LLP
60 Chiswell St
London
EC1Y 4AG
United Kingdom

**Reporting Accountants
to the Company**

PKF Littlejohn LLP
15 Westferry Circus
London
E14 4HD
United Kingdom

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE
United Kingdom

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Acquisition”	the proposed acquisition by the Company of the entire issued and to be issued share capital of Sorted Holdings Limited pursuant to the terms of the Acquisition Agreement;
“Acquisition Agreement”	the conditional agreement dated 29 January 2024 made between (i) the Company (ii) the Core Sellers relating to the Acquisition and (iii) the Warrantors relating to the Acquisition, details of which are set out in paragraph 12(b) of Part VII of this document;
“Act”	the Companies Act 2006 (as amended from time to time);
“acting in concert”	shall bear the meaning ascribed thereto in the Takeover Code;
“Admission”	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies;
“Admission Document” or “document”	this admission document;
“AIM”	the London Stock Exchange’s AIM market;
“AIM Rules”	together, the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
“AIM Rules for Companies”	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to trading on AIM as published and amended from time to time by the London Stock Exchange;
“AIM Rules for Nominated Advisers”	the rules of the London Stock Exchange that set out the eligibility obligations and certain disciplinary matters in relation to nominated advisers as published and amended by the London Stock Exchange from time to time;
“Allenby Capital”	Allenby Capital Limited, the Company’s nominated adviser, incorporated in England and Wales with company number 06706681, whose registered office address is 5 St. Helen’s Place, London EC3A 6AB, United Kingdom, and which is authorised and regulated by the FCA;
“Articles of Association” or “Articles”	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part VII of this document;
“ASOS plc”	ASOS plc (LSE: ASOS) is a United Kingdom-based global fashion retailer for fashion-loving 20-somethings around the world, with a purpose to give its customers the confidence to be whoever they want to be. Further information can be found at www.asosplc.com ;
“BigCommerce”	BigCommerce Inc. (NASDAQ: BIGC) is an ecommerce platform that provides SaaS services to retailers;
“Broker Warrants”	unlisted transferrable warrants to subscribe for up to 100,000,000 Existing Ordinary Shares held by Turner Pope, Dr Nigel Burton, Mark Slade and David Rae exercisable for 0.20p until 25 May 2026;

“Business Day”	any day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, UK;
“Certificated” or “in certificated form”	not in uncertificated form (that is, not in CREST);
“Clicksit”	Clicksit App Limited, a private limited company incorporated in England and Wales with company number 09510373, whose registered office address is Fourth Floor, Blackfriars House, St Mary’s Parsonage, Manchester, M3 2JA, United Kingdom;
“Closing Price”	0.14 pence, being the closing mid-market price of an Existing Ordinary Share on 27 June 2023, the day prior to suspension from trading on AIM of the Existing Ordinary Shares in accordance with rule 14 of the AIM Rules;
“Completion”	completion of the Acquisition, Share Consolidation, the Subscription, the issue of the Remuneration Shares as well as the CLN Shares and Admission;
“Company” or “Location Sciences”	Location Sciences Group plc, a public limited company incorporated in England and Wales under registered number 06458458 and having its registered office at First Floor, St James House, St James Square, Cheltenham, Gloucestershire, GL50 1EP, United Kingdom;
“Consideration”	approximately £66.73 payable to the Vendors in respect of the Acquisition to be settled in cash on Completion, further details of which are set out in paragraph 8 of Part I of this document;
“CLN Shares” or “Convertible Loan Note Shares”	the 980,711 Ordinary Shares to be issued to certain investors in the Sorted Group, further details of which are set out in paragraph 11 of Part I of this document;
“Core Sellers”	certain shareholders of Sorted who together hold a majority of the issued share capital of Sorted and constitute majority selling shareholders for the purposes of the Drag Along;
“Cornerstone Investors”	Ben Turner and James Pope, the founders of Turner Pope, and their wives, Donna Turner and Maxine Pope, respectively;
“Cornerstone Investor Warrants”	unlisted non-transferable warrants to subscribe for up to 1,500,000,000 Existing Ordinary Shares held by the Cornerstone Investors, exercisable for 0.20p until 25 May 2026;
“Corporate Governance Code” or “QCA Code”	the QCA Corporate Governance published by the Quoted Companies Alliance in 2023 and as amended from time to time;
“CREST”	the electronic system for the holding and transferring of shares and other securities in paperless form operated by Euroclear;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time, and any applicable rules made under those regulations;
“Deferred Shares”	comprising of (i) the deferred shares of 0.99 pence each in the capital of the Company and the (ii) the deferred shares of 0.9 pence each in the capital of the Company;
“Directors” or “New Board”	the Existing Directors and the New Directors, as described on page 11 of this document;

“Director Warrants”	unlisted warrants to subscribe for up to 30,000,000 Existing Ordinary Shares held by a member of the LS Concert Party, further details of which can be found in paragraph 3 of Part VII of this document;
“Disclosure Guidance and Transparency Rules” or “DTRs”	the Disclosure Guidance and Transparency Rules (in accordance with Section 73A(3) of FSMA) being the rules published by the FCA from time to time relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such market has been made;
“Drag Along”	the process under Sorted’s articles of association through which the majority selling shareholders in Sorted can require the remaining shareholders in Sorted to sell their shares to a third-party purchaser;
“Enlarged Group”	the Group as enlarged by the Acquisition;
“Enlarged Share Capital”	the issued ordinary share capital of the Company as upon Admission following completion of the Proposals comprising the New Ordinary Shares, the Subscription Shares and the Remuneration Shares as well as the CLN Shares;
“Euroclear”	Euroclear UK & International Limited, a company incorporated in England and Wales and the operator of CREST;
“Existing Directors” or “Board”	the directors of the Company the Business Day before the date of this document whose names are set out on page 11 of this document, including any duly authorised committee of the board of directors of the Company and “Director” is to be construed accordingly;
“Existing Ordinary Shares” or “Existing Share Capital”	the 2,647,587,398 Ordinary Shares of 0.1 pence each in issue at the date of this document;
“EU”	the European Union;
“EU” Prospectus Regulation”	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017;
“EEA”	the European Economic Area;
“FCA”	the Financial Conduct Authority of the United Kingdom, responsible for the regulation of the United Kingdom financial services industry;
“Form of Proxy”	the form of proxy accompanying this document for use by Shareholders at the General Meeting;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“General Meeting” or “GM”	the general meeting of the Company to be held at One Wood Street, London, EC2V 7WS, United Kingdom (the offices of Eversheds Sutherland (International) LLP on 16 February 2024 at 12.00 p.m. and any adjournments thereof to be held for the purpose of considering and, if thought fit, passing the Resolutions;
“Group”	the Company and its subsidiary (as defined in the Act);
“HMRC”	His Majesty’s Revenue and Customs of the UK;

“IFRS”	UK-adopted International Financial Reporting Standards issued by the International Accounting Standards Board;
“Introduction Agreement”	the conditional agreement dated 29 January 2024 made between (i) the Company (ii) the Existing Directors (iii) the New Directors and (iv) Allenby Capital relating to Admission, details of which are set out in paragraph 11 of Part VII of this document;
“ISIN”	International Securities Identification Number, the existing ISIN of the Company being GB00BGT36S19;
“Issue Price”	87.50 pence per share;
“Issued Share Capital”	the entire issued ordinary share capital of the Company from time to time;
“LEI”	legal entity identifier, the existing LEI of the Company being 213800MKYV25HW2IAX70;
“London Stock Exchange” or “LSE”	London Stock Exchange Group plc;
“LS Concert Party”	Richard Hughes, Rebecca Hughes, Abigail Hughes, Mahmud Kamani, Samir Kamani, Umar Kamani, Adam Kamani, Petar Cvetkovic, Carol Kane, Daron Lee, John Lyttle, Shaun Mealey, Christian Stephenson and Simon Wilkinson;
“Minority Sellers”	the minority of shareholders in Sorted who are not Core Sellers and constitute the remaining shareholders for the purposes of the Drag Along;
“MyParcelDelivery Holdings Limited”	renamed to Sorted;
“New Directors”	Carmen Christine Carey, Mahmoud Hamid Warriah and Petar Cvetkovic, who are appointed directors of the Company on the date of this document;
“New Ordinary Shares”	the new ordinary shares of 62.5p each in the share capital of the Company resulting from the Share Consolidation;
“Notice of General Meeting” or “Notice”	the notice convening the GM set out in pages 145 to 149 of this document;
“Official List”	the Official List of the FCA;
“ONS”	the Office for National Statistics, an executive office of the UK Statistics Authority, a non-ministerial department which reports directly to the UK Parliament;
“Operator”	Euroclear UK & International Limited or such other person as may, for the time being, be approved by His Majesty’s Treasury as Operator under the uncertificated securities rules;
“Ordinary Shares”	the ordinary shares of 62.5p each in the capital of the Company following the Share Consolidation;

“Promoter Warrants”	unlisted non-transferrable warrants to subscribe for up to 1,500,000,000 Existing Ordinary Shares held by certain members of the LS Concert Party, exercisable for 0.20p until 25 May 2026, further details of which can be found in paragraph 3 of Part VII of this document;
“Proposals”	means (i) the Acquisition; (ii) the Share Consolidation; (iii) the Subscription; and (iv) the issue of the Remuneration Shares as well as the CLN Shares;
“Prospectus Regulation Rules”	the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA from time to time;
“Record Date”	the record date for the Share Consolidation being 6.00 p.m. on 16 February 2024;
“Registrars”	Computershare Investor Services PLC, incorporated in England and Wales with company number 03498808, whose registered office address is The Pavilions, Bridgwater Road, Bristol, BS13 8AE, United Kingdom;
“Regulatory Information Service” or “RIS”	a regulatory information service authorised by the FCA to receive, process, and disseminate regulatory information in respect of listed companies;
“Remuneration Shares”	the 137,142 Ordinary Shares to be issued to the Existing Directors on Admission <i>in lieu</i> of payment owed by the Company, further details of which are set out in paragraph 11 of Part I of this document;
“Resolutions”	the resolutions to be proposed at the General Meeting, details of which are set out in the Notice of GM;
“Restricted Jurisdiction”	the United States of America, Canada, New Zealand, the Republic of South Africa and Japan;
“Reverse Takeover”	any acquisition that would be of a size or nature to be deemed a reverse takeover transaction under Rule 14 of the AIM Rules for Companies;
“SEDOL”	the stock exchange daily official list;
“Shard”	Shard Credit Partners Venture Debt Fund I LP;
“Share Consolidation”	the proposed consolidation of every 625 Existing Ordinary Shares into one New Ordinary Share;
“Share Dealing Code”	the Company’s share dealing code as referred to in paragraph 17 of Part I of this document;
“Shareholders” or “Existing Shareholders”	holders of Ordinary Shares from time to time, each individually being a “Shareholder”;
“Shopify”	Shopify Inc. (NASDAQ: SHOP) is a Canadian multinational ecommerce company headquartered in Ottawa, Ontario. Shopify helps businesses build an online store and selling online through its proprietary ecommerce platform;
“Significant Shareholder”	a person holding three per cent. or more of the Enlarged Share Capital;

“Sorted”, “SHL” or the “Target”	Sorted Holdings Limited, a private limited company incorporated in England and Wales with company number 08609014, whose registered office address is Fourth Floor, Blackfriars House, St Mary’s Parsonage, Manchester, M3 2JA, United Kingdom;
“Sorted Group”	Sorted and/or its current subsidiaries;
“Subscribers”	Shard Credit Partners Venture Debt Fund I LP, Mahmoud Warriah and those other persons who execute Subscription Letters;
“Subscription”	the conditional subscription for the Subscription Shares at the Issue Price by the Subscribers pursuant to the Subscription Letters;
“Subscription Letters”	the subscription letters between the Company and each of the Subscribers as more fully described in paragraph 11 of Part VII of this document;
“Subscription Shares”	the 2,285,712 Ordinary Shares subscribed for by the Subscribers pursuant to the Subscription Letters at the Issue Price;
“Substantial Shareholder”	any person who, following Admission, holds any legal or beneficial interest directly or indirectly in 10 per cent. or more of the Enlarged Share Capital or voting rights of the Company, as defined in the AIM Rules for Companies;
“Takeover Code”	the City Code on Takeovers and Mergers issued by the Takeover Panel, as amended from time to time;
“Takeover Panel”	the Panel on Takeovers and Mergers;
“Turner Pope”	Turner Pope Investments (TPI) Limited;
“UK MAR”	the Regulation 2014/596/EU, which is part of UK domestic law pursuant to the Market Abuse (Amendment) (EU Exit) Regulations (<i>SI 2019/310</i>);
“Uncertificated” or “Uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“VAT”	value added tax;
“Vendors”	the Core Sellers and the Minority Sellers, being the current shareholders of Sorted Holdings Limited at the date of this document;
“Warrantors”	Carmen Carey, Mahmoud Warriah, Robert Whittick, Daniel Greenall, Alex Lagerborg and Timothy Cox; and
“Warrants”	together, the Promoter Warrants, the Cornerstone Investor Warrants, the Broker Warrants and the Director Warrants.

GLOSSARY OF TECHNICAL AND COMMERCIAL TERMS

The following technical terms apply throughout this document:

“API” or “Application Programming Interface”	a set of definitions and protocols for building and integrating application software;
“App” or “Application”	a software programs developed for end-users to accomplish specific computing tasks. Applications may take the form of Mobile Applications or software packages for use on desktop or laptop computers;
“B2B” or “Business-to-Business”	a transaction or business conducted between one business and another, such as a wholesaler and retailer;
“B2C” or “Business-to-Consumer”	a retail model where products or services move directly from a business to the end user who has purchased the goods or services for personal use;
“C2B” or “Consumer-to-Business”	a business model in which consumers create value and businesses consume that value;
“Carrier Management System”	a software solution that optimises and organises shipping operations, particularly carrier operations, in retail warehouses and distribution centres;
“Carrier”	a company that provides a service to deliver goods on behalf of another company to customers;
“Corporate customers”	ecommerce businesses generating in the region of 300,000 units to 12,000,000 units in aggregate shipping parcel volume per year (not all shipped or tracked by Sorted), although this precise range is subject to Sorted’s periodic review and accordingly may change;
“Corporate and Enterprise”	comprised of Corporate customers and Enterprise customers;
“Delivery Experience Platform”	Sorted’s proprietary delivery management platform comprised of the Ship, Track and Return propositions;
“ecommerce” or “electronic commerce”	the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet;
“Enterprise customers”	ecommerce businesses generating in excess of 12,000,000 units in aggregate shipping parcel volume per year (not all shipped or tracked by Sorted), although this precise range is subject to Sorted’s periodic review and accordingly may change;
“Lifetime Value”	an estimate of the average revenue that a customer will generate throughout their lifespan as a customer;
“M-commerce” or “Mobile Commerce”	ecommerce that takes place on via wireless computing devices such as smartphones;
“Mobile Applications”	a software application developed specifically for use on small, wireless computing devices, such as smartphones, rather than desktop or laptop computers;
“Multi-Product Customers”	customers of both Ship and Track;

“myparceldelivery.com”	a parcel price comparison website for individual consumers and small businesses to purchase Carrier labels at reduced prices and arrange parcel collections or drop offs;
“Omnichannel”	a customer centric sales strategy that provides a seamless shopping experience between marketing channels. Omnichannel allows merchants to sell through multiple channels, such as desktops, mobile devices, and in-store;
“Refactoring”	the process of restructuring existing computer code without changing its external behaviour;
“Return”	Sorted’s return proposition comprising of the Sorted Returns Center and the Reverse Logistics Platform;
“Reverse Logistics Platform”	Sorted’s standalone portal for charities, retailers and other businesses to manage the process of items being shipped from individuals to central warehouses and hubs;
“SaaS” or “Software-as-a-Service”	a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted;
“Ship”	Sorted’s Carrier Management System that enables retailers to take complete control of their shipping operations by combining access to Sorted’s comprehensive carrier services library with the flexibility of its shipments allocation optimization rules engine;
“Shipments”	a version of Ship used primarily by Sorted’s Enterprise customers;
“Shopify Marketplace”	a fully functional ecommerce marketplace;
“SMB” or “Small and Medium-Sized Business”	companies that are smaller in size and revenue than large corporations, but larger than microbusinesses or those run by an individual proprietor;
“Sorted Returns Center”	a premium Application available on Shopify allowing ecommerce businesses to automate and simplify customer returns, exchanges, refunds and production labels to retain customers and revenue;
“SortedPRO”	now rebranded as Return;
“SortedREACT”	now rebranded as Track; and
“Track”	Sorted’s software solution that consolidates an ecommerce businesses’ shipment tracking data in one place and enables proactive branded shipment status communications to be sent to its customers.

PART I

LETTER FROM THE CHAIRMAN OF LOCATION SCIENCES GROUP PLC

LOCATION SCIENCES GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 06458458)

Directors:

Simon John Wilkinson (*Non-Executive Chairman*)
Dr. Nigel John Burton (*Non-Executive Director*)
Carmen Christine Carey (*Chief Executive Officer*)
Mahmoud Hamid Warriah (*Chief Financial Officer*)
Petar Cvetkovic (*Non-Executive Director*)

Registered office:

First Floor
St James House
St James Square
Cheltenham
Gloucestershire GL50 3PR
United Kingdom

30 January 2024

To Shareholders, the holders of Warrants and those with information rights

**PROPOSED ACQUISITION OF SORTED HOLDINGS LIMITED
PROPOSED SUBSCRIPTION OF 2,285,712 NEW ORDINARY SHARES AT 87.50P PER SHARE
PROPOSED ISSUE OF 137,142 REMUNERATION SHARES AND 980,711 CLN SHARES
PROPOSED SHARE CONSOLIDATION
PROPOSED CHANGE OF NAME TO SORTED GROUP HOLDINGS PLC
ADMISSION OF THE ENLARGED SHARE CAPITAL TO TRADING ON AIM
AND
NOTICE OF GENERAL MEETING**

1. Introduction

On 28 June 2023, Location Sciences announced that it had entered into exclusive non-binding heads of terms regarding a potential acquisition of the entire issued share capital of Sorted by Location Sciences for a nominal consideration. As part of the potential Acquisition, the Company entered into a secured convertible bridge loan agreement (the “**Convertible Loan Agreement**”) with Sorted to lend it up to £2.6 million. It was also announced that if the proposed Acquisition was to proceed, Location Sciences would assume approximately £4.7 million (including accrued interest) of Sorted’s outstanding debt and that certain existing shareholders of Sorted would be given the opportunity to participate in a cash subscription for new shares in the Enlarged Group in order to seek to align their interests with those of Existing Shareholders.

The Proposal

On 30 January 2024, Location Sciences announced that it had conditionally agreed the terms of the Acquisition Agreement, details of which are set out in paragraph 12 of Part VII of this document.

The Directors believe that the Acquisition represents a significant opportunity for the Group to implement its stated strategy to maximise shareholder value in the short-to-medium term.

In connection with the Acquisition, Location Sciences has conditionally raised approximately £2.0 million (before expenses) pursuant to the Subscription through the proposed issue of 2,285,712 Subscription Shares at a price of 87.50 pence per Ordinary Share. The Subscription is conditional, *inter alia*, upon the passing of certain resolutions in order to ensure that the Directors have the necessary authorities and powers to allot the requisite Ordinary Shares.

The Issue Price, taking into account the Share Consolidation, represents the Closing Price.

In conjunction with the Acquisition and the Subscription, the Existing Directors believe it is appropriate to undertake a Share Consolidation to reduce the number of the Ordinary Shares in issue. Details of the Share Consolidation are set out in paragraph 13 of Part I of this document.

Location Sciences intends to also issue the Remuneration Shares and the CLN Shares on Admission. Further details of which are set out in paragraph 11 of Part I of this document.

Furthermore, the Directors believe that should the Acquisition proceed, the name of the Company should be changed to "Sorted Group Holdings plc" to reflect the ongoing business of the Enlarged Group.

The Acquisition constitutes a reverse takeover pursuant to rule 14 of the AIM Rules for Companies and therefore the purpose of this document, which comprises an Admission Document prepared under the AIM Rules for Companies, is to provide you with information on the Proposals and to seek approval by Shareholders of the Resolutions to be proposed at the General Meeting, which is being convened on 16 February 2024 at 12.00 p.m. at One Wood Street, London, EC2V 7WS, United Kingdom, notice of which is set out at the end of this document.

If the Resolutions are duly passed at the General Meeting and the other conditions set out relating to the Proposals are met, then it is expected that the Enlarged Share Capital will be admitted to trading on AIM with effect from 8.00 a.m. on 19 February 2024.

Trading on AIM in the Existing Ordinary Shares has been suspended since 28 June 2023. Following publication of this Admission Document, it is expected that the suspension of the Existing Ordinary Shares will be lifted with effect from 7.30 a.m. on 30 January 2024.

The Directors consider the Acquisition to be an exciting opportunity and consider that the Acquisition is in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their own beneficial holdings of Existing Ordinary Shares.

Shareholders should note that the Resolutions are inter-conditional and consequently if any of the Resolutions are not passed, the Proposals will not occur, and trading on AIM of the Existing Ordinary Shares will re-commence.

The purpose of this document, which comprises an Admission Document prepared under the AIM Rules for Companies, is to provide you with information on the Proposals. You should read the whole of this Admission Document and your attention is drawn, in particular, to the risk factors set out in Part II of this Admission Document.

2. Information on Location Sciences

Location Sciences has historically been a location verification services provider to the digital advertising industry, working in partnership with advertisers, media agencies and suppliers to reduce advertising wastage and improve the effectiveness of location-based advertising campaigns. In relation to this, the Company developed products to tackle global location advertising fraud and location data inaccuracy.

The Company's revenues were adversely impacted by the significantly reduced advertising spend caused by the COVID-19 pandemic. In addition, the Directors believe that privacy concerns increased regarding the use of personal tracking data which affected the Company's business. As a consequence of this reduction in revenues, in early 2021, the Board instigated a cost reduction programme, with a significant reduction in operational costs. The Board also announced that it was exploring a number of options for the Company and its businesses.

In May 2021, the Company announced that following discussions both internally and with third parties surrounding the business review, the Board had concluded that given the market outlook for the Company's business units, Location Sciences needed to secure additional financial resources and therefore raised £3.85 million (before expenses) via an issue of new shares in the Company. The Directors believed this would give the Company more time and greater flexibility to deliver value to Shareholders.

Subsequently, in October 2021, as a further step following the business review, the Company entered into an agreement to sell its insights dashboard and four contracts pertaining to its location data and insights business for a cash consideration of up to US\$0.7 million, thereby further reducing the Company's operating costs and bolstering its cash reserves.

The business review process enabled the Company to explore the merits of the expansion and enhancement of Location Science's offerings. However, it also provided the Company with a solid financial foundation, streamlined operations, and a focus on delivering a new strategic path for Location Sciences in order to create long-term value for Shareholders. The Directors believe the Acquisition has the potential to deliver this long-term value.

3. Background to and reasons for the Acquisition

The Board believes Sorted to be a strong acquisition opportunity, for the following reasons:

- **UK-based business with over 60 employees:** Manchester based business supported by a second office space situated in London. The existing Sorted team is comprised of software engineers, technical support, IT, sales, marketing, finance and project management professionals.
- **Attractive business model with scalable predictable revenue performance:** Sorted operates a SaaS business model whereby the majority of Sorted's revenue is driven by customer subscriptions to its Delivery Experience Platform. This in-turn provides annualised recurring revenue. The Directors believe that Sorted is positioned well to continue this growth trajectory.
- **Diverse customer base and strong industry partnerships:** Sorted's customers range from mid-sized, growing ecommerce businesses to multi-national organisations with notable customers include Marks & Spencer plc, ASOS plc and Asda Stores Limited. In addition, Sorted has re-seller agreements in place with major Carriers in the United Kingdom as well as in the United States.
- **Global ecommerce market forecasted to reach a market size of US\$6.35 trillion by 2027 according to Deloitte:** The demand for ecommerce has been influenced by a number of factors including but not limited to: (i) the rise of smartphones and internet accessibility; (ii) increasing use of social media; (iii) supply chain and logistical infrastructure improvements; and (iv) changing patterns in consumer behaviour.
- **Highly fragmented market:** The Directors believe that there is no dominant player that offers a delivery experience platform for the entire ecommerce spectrum with one single integrated solution. In this regard, the Directors believe that Sorted's Delivery Experience Platform offers ecommerce businesses a complete end-to-end post-purchase solution, and accordingly, there is an opportunity for Sorted to establish market leadership.

4. Information on Sorted

Overview

Ecommerce has redefined the traditional bricks and mortar retail model, with online stores no longer being considered a "nice-to-have" and instead a "must-have". With KPMG reporting that the global retail ecommerce market size was estimated to be US\$5.5 trillion in 2022, a clear ecommerce model can create a lucrative alternative revenue stream.

As ecommerce continues to redefine the traditional retail model, the delivery of goods remains critical in the ecommerce model as a factor that can set brands apart and pave the way for success. The delivery experience has since evolved from being a monotonous transactional process to a key influencing factor in purchasing decisions, customer loyalty, brand perception and, ultimately, a retailer success. Accordingly, retailers that prioritise efficient shipping, accurate tracking, and seamless returns stand not only to retain customers but also to build a loyal customer base. This "real-time" approach towards the delivery journey has been propelled by the increasing usage of technology.

Sorted is a provider of delivery experience software which serves ecommerce retailers – from large, global enterprises to smaller, independent start-ups. The Sorted Delivery Experience Platform has three core propositions comprising:

- (1) Ship – carrier management, carrier allocation and ecommerce checkout optimisation;

- (2) Track – post-purchase parcel tracking and customer communications; and
- (3) Return – refunds and exchanges management.

The Directors believe that Sorted's Delivery Experience Platform offers ecommerce retailers an end-to-end post-purchase solution through its optimisation of checkout delivery options, automated carrier management, post-purchase analytics, tracking updates and returns process automation.

Sorted traces its roots to 2010, when the business was originally established as a transactional parcel rate comparison site. Through a combination of organic growth and strategic acquisitions, the business transitioned to a Software-as-a-Service (SaaS) business model serving ecommerce retailers on two to three-year, recurring revenue contracts. For the financial year ended 30 September 2023, through its SaaS business model, Sorted had total unaudited recurring revenue of approximately £6.5 million.

Sorted's customers currently range from mid-sized, growing ecommerce businesses to multi-national organisations. Notable customers include Marks & Spencer plc, ASOS plc and Asda Stores Limited.

Industry overview

An introduction to ecommerce

Ecommerce, short for electronic commerce, is described by McKinsey & Company as the buying and selling of goods or services online. Ecommerce businesses can be broadly classified across three areas: merchandise sales companies; service providers; and digital product companies. The benefits of ecommerce include, *inter alia*, the reduction in the impact of geographical barriers and enabling businesses to reach a global customer base at all times of the day, at a significantly lower cost than traditional brick and mortar retail business models.

It is reported that the first secure online transaction was made in 1994, marking the birth of ecommerce. Subsequently, ecommerce has been growing consistently. The early 2000s saw the wider adoption of online offerings for retailers, as well as the growth of online marketplaces and the introduction of secure payment gateways, boosting consumer trust in online transactions. Internet sales as a proportion of all retail sales have been rising steadily since 2006 and, by the 2010s, there was a rise of Mobile Commerce (M-commerce) due to the proliferation of smartphones and Mobile Applications. Social media platforms also integrated shopping features, transforming how businesses connect with customers and how customers source goods online. In the 2020s, online shopping now encompasses Business-to-Consumer (B2C), Consumer-to-Consumer (C2C), Business-to-Business (B2B) and Consumer-to-Business (C2B) models. According to UK government data, the average weekly value of internet sales was reported to be £2.4 billion in August 2023 (excluding fuel) – accounting for 26.7 per cent. of all retail sales. This demonstrates the scale of the ecommerce industry when compared to traditional bricks and mortar retail business models.

There are now multiple routes to market for retailers to reach customers that did not exist only one, two or three decades ago. The history of ecommerce reflects a journey from basic online transactions to a complex global ecosystem. Against this backdrop, Deloitte forecasts the global ecommerce market to reach a market size of US\$6.35 trillion by 2027.

Understanding the ecommerce customer journey

Central to understanding the ecommerce industry is the concept of the ecommerce customer journey. The ecommerce customer journey is described as the complete end-to-end experience of a customer from the initial interaction with a brand's online store to the final interaction which depending on the customer's satisfaction ranges from repeat purchases and loyalty to returning or exchanging a product purchased or even potentially both. Throughout the ecommerce customer journey, there are multiple "touchpoints" whereby the customer may interact with the business, product, or brand - either directly or indirectly. This can vary greatly depending on numerous factors including but not limited to the product category, the product value, the retailer's website or the customer's geographical location. In any event, understanding and enhancing the ecommerce customer journey is expected to support businesses further increase engagement and ultimately increase sales conversion.

While the traditional ecommerce customer journey is no longer linear in nature, the Directors consider the ecommerce customer journey to be broadly categorised into the following stages:

1. Awareness and research:

The ecommerce customer journey begins with a potential customer developing a need or want for a product or service. Through mediums such as social media, online search engines, advertisements, or word of mouth, potential customers become aware of specific ecommerce businesses. Potential customers will subsequently proceed to researching and exploring products that match their specific needs or wants. This may involve a visit to a retailer's website, a visit to a showroom or store, reading product descriptions, reading reviews, or comparing offerings from multiple online stores for competitive prices or options.

2. Consideration and decision:

Potential customers will proceed to evaluate their purchase options further. This may include shortlisting of several candidates and subjecting them to more in-depth comparison utilising factors such as price, features and perceived advantages or disadvantages. This stage culminates with the potential customer adding the product or service to their online "shopping basket" and ultimately deciding whether to proceed with purchasing the product or service. Time spent during this stage will be influenced by whether the purchase is low-value in monetary terms or potentially an impulse purchase i.e. an unplanned decision to purchase a product or service.

3. Checkout:

The checkout stage represents the point at which a potential customer transitions into an actual customer. The checkout stage involves the potential customer reviewing the available delivery options, any return policies, inputting payment details as well as inputting any relevant personal details, as applicable. Following satisfactory completion of the relevant fields, an order can be confirmed. It is reported that almost 70 per cent. of potential customers abandon purchases at the checkout stage. Accordingly, an effective checkout experience is an important element of the ecommerce customer journey.

4. Order confirmation:

Following completion of a purchase, the customer will receive an order confirmation which will summarise the purchase details associated with the product or service as well as include an indication of delivery timings. The order confirmation may take the form of either a web page confirmation or alternatively a digital communication directly to the customer, such as an email or text message to a mobile phone.

5. Fulfilment and shipping:

The confirmed order will be fulfilled at the retailers designated warehouse. Agreed logistical parameters will ensure that the product or service purchased is identified, picked, packed, and delivered to the destination as agreed with the customer.

6. Delivery:

During the delivery phase, the product or service will no longer be in the proximity of the seller and instead will be in the possession of the intermediary responsible for delivery. During this phase, the customer will await the delivery of the order. Depending on the level of service offered to the customer, the customer may be able to track their good or service delivery, review the status of the delivery (as applicable), or alternatively contact customer support for real-time updates in anticipation of the arrival of their purchased product or service.

7. Unboxing and product experience:

Following delivery of the product or service, the customer will experience the purchased item first-hand. Depending on whether the product or service is a tangible item, this stage is considered to be the only physical "offline" touchpoint between an ecommerce business and a customer.

Depending on the customer's experience during the above process, the ecommerce customer journey diverges further into either stage eight or nine (or alternatively, sometimes both eight and nine), as outlined below.

8. Repeat purchase and loyalty:

If the customer is satisfied with their ecommerce experience, the customer may become a repeat shopper of the business concerned. In addition, satisfied customers may share their positive experiences with friends, family or online communities, leading to word-of-mouth referrals. This may result in further new customers for the ecommerce business.

9. Returns – refunds and exchanges:

If the product or service is considered to be unsatisfactory or faulty, the customer may return their purchase and request a refund or an exchange. This decision triggers a 'reverse logistics' journey whereby the product or services is returned by the customer back to the ecommerce business.

At all stages of the ecommerce customer journey, sits the "customer service" touchpoint. Customer service comprises support and assistance provided to customers during their online ecommerce experience. Interactions with customer service typically arise at stage six of the ecommerce customer journey. It is reported that 77 per cent. of consumers consider good customer service to be critical to earning brand loyalty and generating business.

The Sorted Delivery Experience Platform sits across the "post-purchase journey", namely, from stage two onwards of the ecommerce customer journey, as outlined above .

Factors affecting the ecommerce industry

While many of the recent developments in the ecommerce industry were driven by the COVID-19 pandemic, many influencing factors were long underway before the COVID-19 pandemic. Notable factors influencing the ecommerce industry are outlined below.

1. Technological advancements:

The rise of smartphones and increased internet accessibility has played a pivotal role in shaping the ecommerce landscape. In this respect, according to Statista's Market Insights mobile ecommerce represented 60 per cent. of all ecommerce transactions globally in 2023. Mobile ecommerce allows consumers to shop conveniently from their handheld devices from any location at any time. This trend has prompted businesses to optimise their websites, Mobile Applications and create responsive, mobile-friendly designs to cater for the growing number of mobile shoppers.

2. Social ecommerce:

Deloitte reported that 64 per cent. of digital buyers discover brands or products via social media. The prevalence of social media platforms such as Facebook, Instagram, and TikTok and the integration of shopping features within such platforms has further transformed the ecommerce customer journey. For example, Instagram launched a new shopping functionality in 2018 which included initiatives such as the implementation of "shoppable stories".

Ecommerce businesses leverage social media platforms to showcase products, facilitate direct transactions and tap into influencer marketing, thereby capitalising on the power of social engagement to drive sales. In addition, social ecommerce can serve to create a powerful consumer engagement ecosystem, from driving brand engagement, funnelling recruitment, to driving repeat purchase insights. Social ecommerce has since evolved to encompass digital stores directly incorporated on social media platforms, conversational ecommerce as well as livestream ecommerce. Social ecommerce has resulted in consumers becoming accustomed to Omnichannel shopping and Omnichannel customer service.

3. Subscription ecommerce:

The advent of subscription-based models involving customers subscribing to products or services needed on a recurring basis has gained prominence, with Forbes reporting that the global subscription e-commerce market size is expected to reach US\$904.2 billion by 2026. Notable examples include Amazon Prime, which reached an estimated 112 million US subscribers in December 2019, and ASOS plc's delivery subscription model both of which offer customers personalised experiences and convenient, cost-efficient product delivery.

4. Logistical improvements:

The supply chain and logistics landscape has evolved to meet the changing ecommerce model. With fast and reliable shipping options becoming a key factor for consumers and with consumers willing to pay for such services, retailers have needed to find ways to efficiently manage their Carrier relationships in a scalable way. This demand for speed and convenience has led to the rise of same-day and next-day delivery services such as Argos' Fast Track service which was launched in 2015 catering for same day delivery on thousands of items with wide geographical coverage. This convenient access to products or services without the need for physically visiting a store has contributed to the growth of the ecommerce industry and according to McKinsey & Company has the potential to fundamentally change the way we shop.

5. Consumer behaviour:

Consumer spending is correlated with broader economic conditions. For example, during recessionary periods, consumer sentiment decreases resulting in reduced consumer spending and ultimately suppressed ecommerce activity. Conversely, during economic booms consumer spending increases.

Businesses are faced with fresh pressures including an unprecedented cost of living crisis. The ONS suggests that in October 2022, inflation was at the highest level it had been for over 40 years. Many consumers are battling the sharpest reduction in disposable income they have seen in their lifetime. Retail economic data suggests that the average household saw discretionary income drop by 10.6 per cent. in May 2022 compared to the previous year.

With the cost of everyday products and services rising, consumers are feeling the strain on their finances. In August 2023, the ONS said that, compared to February 2020, the last full month before the COVID-19 pandemic lockdowns began, total retail sales were 16.4 per cent. higher by value, but 1.8 per cent. lower in the volume of goods people bought.

Despite the period of customer cutbacks and rising inflation, consumers once again appear to be feeling more optimistic about their finances. Since reaching an all-time low of -20.3 per cent. in the third quarter of 2022, the Deloitte Consumer Confidence Index (based on six measures such as levels of debt and disposable income) has shown modest improvement, rising by six percentage points over the last four quarters to -14.2 per cent. in the third quarter of 2023.

Whilst consumer spending has been more elevated in recent years, market share remains available for businesses to capitalise on. In a challenging economic landscape, businesses are battling to ensure they have a competitive edge over their peers. There is an opportunity for ecommerce brands to emerge as market leaders, by converting customers and keeping them loyal. According to the Retail Think Tank, businesses should look to become customer-centric and should invest in technology to help them provide an insight rich operation.

6. The COVID-19 pandemic:

With the outbreak of the COVID-19 pandemic and the subsequent lockdowns globally as well as in the UK in March 2020, the ecommerce landscape experienced an unprecedented acceleration in the trends and adoption that had already been moving at a considerable pace.

In April 2019, the proportion of sales made online was at 19.1 per cent. In April 2020, the proportion of sales made online soared to the highest on record at 30.7 per cent.

Forced closure of physical stores meant that businesses had to quickly adapt by ramping up their online operations and expanding their digital presence – alongside operating their own businesses under budget pressures, staff absence and social distancing restrictions. Consumers also adapted their attitudes towards delivery – a Sorted study found that 79 per cent. of UK and US consumers were more forgiving about delivery experiences during the COVID-19 pandemic.

The COVID-19 pandemic period forced many retail businesses to prioritise online channel development and delivery transformation, as well as completely reshaping consumer shopping habits. The COVID-19 pandemic has changed consumer behaviours, some permanently. In a study released in March 2022, it was estimated that 27 per cent. of UK consumers planned to maintain their increased online shopping habits post-pandemic, and 51 per cent. of home workers said they expected to shop online more permanently.

In July 2023, the proportion of online sales rose to 27.4 per cent. from 26.0 per cent. in June 2023. This is the highest proportion of retail sales taking place online since February 2022 (28.0 per cent. and remains significantly above the pre-pandemic levels (19.6 per cent. in February 2020).

7. Rising demand for delivery experience technology:

With much more competition for businesses to win market share of consumer discretionary spending, businesses are seeking to trim costs and differentiate themselves in the market with the aim of giving consumers an experience that encourages repeat purchases and more spending. As a result, businesses are increasingly focusing on improving the “post-purchase” experience.

A positive post-purchase experience reinforces trust, customer satisfaction and potential advocacy for or loyalty to a business. Conversely, a negative experience can result in disengagement and lost customers. Research released in August 2023 found that 79 per cent. of consumers admit that they would be deterred from purchasing from a brand again if they encountered a subpar post-purchase experience. The same research indicated that 83 per cent. of consumers think that there is room for improvement in the post-purchase experience, signalling the opportunity for retailers to acknowledge, and capitalise on, this demand.

Data analytics is increasingly harnessed by businesses seeking to understand their consumer base: analysing shopping behaviours; offering personalised shopping recommendations; and serving the customer by putting them in control. Such technologies enable businesses to tailor their offerings in the way consumers prefer, enhancing the shopping experience and increasing the likelihood of conversions.

Many businesses have already invested in delivery experience technology and continue to do so. Notable examples of businesses benefitting from delivery experience technology include musicMagpie plc, which has invested in post-purchase technology to reduce “where is my order?” related enquiries and to ensure brand ownership of the journey – from communications to performance insight. With post-purchase technology in place, tracking and communications improved, resulting in a 63 per cent. reduction in “Where is my order?” related enquiries.

In September 2023, retail sales in Great Britain were recorded at £8.5 billion per week and, with businesses operating for market share in a challenging economic environment, Sorted offers a solution to fixing poor delivery choice, broken customer promises and disjointed post-purchase communication to maximise the customer experience, save money, drive loyalty and enable businesses to have a differentiated proposition to fuel growth.

Background and history of Sorted

David Grimes recognised that there was an opportunity to simplify and expedite the way consumers deliver parcels. Accordingly, in 2010, David Grimes founded myparceldelivery.com a parcel price comparison website for individual consumers and small businesses to purchase Carrier labels at reduced prices and arrange parcel collections or drop offs.

It became apparent to management that in addition to individual consumers and small businesses, larger businesses were also dissatisfied with their delivery experience and the inflexible nature of the dominant legacy market leaders in the delivery management technology space.

Accordingly, in 2015, MyParcelDelivery Holdings Limited expanded to launch a Carrier management solution for large businesses, originally known as Electio which forms part of MyParcelDelivery Holdings Limited. This marked the businesses' transition to a SaaS business model in the Carrier Management System product category. Electio eventually rebranded to SortedPRO and subsequently Ship. Ship forms the first component of Sorted's Delivery Experience Platform.

In June 2017, MyParcelDelivery Holdings Limited rebranded to Sorted Holdings Limited (Sorted).

As customer activity levels increased within the Ship proposition, Sorted recognised the appetite for ecommerce businesses to continue a branded dialogue with their consumers, beyond the 'buy' button whilst simultaneously enabling them to suppress "contact touchpoints" to order ratios. Accordingly, to address this growing need for delivery tracking and delivery communications software in the ecommerce space, Sorted launched Track (formerly SortedREACT) in 2018. This marked Sorted's entry into the burgeoning post-purchase tracking product category. Track forms the second component of Sorted's Delivery Experience Platform.

In November 2021, Sorted acquired Clicksit, a returns automation Application. The acquisition of Clicksit enabled Sorted to complete its offering across the entirety of the consumer delivery experience journey and marked the last component of Sorted Delivery Experience Platform. The acquisition included the transfer of all Clicksit's existing customer base, comprising predominantly small and medium sized businesses selling through Shopify. This in turn allowed Sorted to access ecommerce businesses in the United States. Clicksit has since been rebranded to Return.

Since its formation, Sorted's customer base has grown incrementally. In 2017, Ship onboarded a prominent British and Singapore based multinational technology company as the first Corporate and Enterprise customer. In 2018, ASOS plc signed a contract to become a Sorted Ship customer and furthered the ecommerce market coverage of the Ship product. By 2021, Sorted's customer base had evolved to include multiple marquee customers. These included but are not limited to a well-known UK home furnishing retailer, a UK sports-fashion retail company, a major UK-based multinational retailer and a prominent UK supermarket chain.

Notwithstanding Sorted having achieved double or triple digit recurring revenue growth since its early phase as an enterprise SaaS business until 2022, Sorted has historically been funded through a combination of equity and debt. In this regard, between 2013 to 2021, Sorted raised an aggregate of approximately £71.8 million, comprised of approximately £71.07 million in equity and approximately £3.5 million debt finance.

The success of the Sorted Delivery Experience Platform is illustrated through the volume of activity that the platform is able to process during the busy Christmas period, namely, the calendar period between early November and early January. This period is categorised as the busiest period in the annual retail calendar due to the increase in consumer spending around the Christmas gift-giving holiday period. For example, between 14 November 2022 to 8 January 2023 the Sorted Delivery Experience Platform processed volumes of 10.76 million pieces of shipment data along with 1.15 billion unique tracking events handled.

Business model and operations

Business model

Sorted operates a SaaS business model whereby the majority of Sorted's revenue is driven by customer subscriptions to its Delivery Experience Platform. This in-turn provides annualised recurring revenue. This model, amongst other benefits, enables predictable revenue performance. In addition to recurring revenue, Sorted benefits from non-recurring revenue generated from one-time onboarding services for Corporate and Enterprise customers which in the past three years has ranged from £2,000 to £45,000 per customer. Each scenario goes through a solution architecture design process which defines the time and effort required to complete the work based on a services day rate. Similarly, Sorted benefits from non-recurring revenue generated from ad-hoc customer requests ranging from additional product functionality requirements, additional Carrier configurations and further integrations. However, non-recurring revenue forms only a small component of Sorted's overall revenues.

At the larger end of the customer spectrum, Corporate and Enterprise customers are encouraged to enter longer-term subscription agreements to Sorted's Delivery Experience Platform. In this regard, Sorted's current average subscription agreement length is 2.6 years with 54 per cent. of customer contracts are under 2.6 years in duration and 46 per cent. of customer contracts are over 2.6 years in duration. Sorted's commitment towards attracting and cultivating subscription agreements with Corporate and Enterprise businesses is demonstrated by Sorted utilising dedicated direct sales and account management teams.

At the smaller end of the customer spectrum, SMB customers purchase Sorted's Return services on a pay-as-you-go basis. Subscription fees are charged monthly. This offering is currently live on Shopify. Customers of Sorted's Return service receive preferential Carrier label delivery rates for return services, which are re-sold by Sorted and customers are charged monthly.

To remain competitive, Sorted has re-seller agreements in place with major Carriers in the United Kingdom including but not limited to Hermes Parcelnet Limited (Evri) and Yodel Delivery Network Limited (Collect+) as well as in the United States which includes the United States Postal Service via A.P. Moller – Maersk. Re-seller agreements comprise preferential rates at which Sorted can purchase specific Carrier service labels from the aforementioned Carriers following which Sorted are then able to re-sell the labels with an additional margin to their customers. Using Sorted's leverage with its Carrier network, Sorted is able to purchase Carrier service labels at rates more favourable than that which a SMB can obtain directly. As a result, SMBs are able to offer their end consumers competitively priced Carrier service labels thereby reducing their overall cost profile.

In addition to direct customer selling, Sorted has entered into agreements with third party logistic providers which re-sell the Ship and Track proposition to their respective customers.

Operations

Sorted's registered office and headquarters along with the majority of its operations are concentrated in Manchester, United Kingdom. This is supported by a second office space situated in London. Reflecting the flexible attitude to work arrangements at Sorted, the Company offers all staff the option to primarily work remotely as well as "hybrid-arrangements", representing a blend of in-office and remote work arrangements. As of 21 November 2023, Sorted had a headcount of 66. In addition to this headcount, Sorted also utilises a third-party nearshore software delivery partner that provides scale up engineering capacity as needed to support the in-house Sorted technology team.



Product and services

At the core of Sorted's product offering is its Delivery Experience Platform. This is comprised of three propositions, namely:

- (1) Ship – carrier management, carrier allocation and ecommerce checkout optimisation;
- (2) Track – post-purchase parcel tracking and customer communications; and
- (3) Return – refunds and exchanges management.

A high-level summary of each proposition is highlighted in table 1.

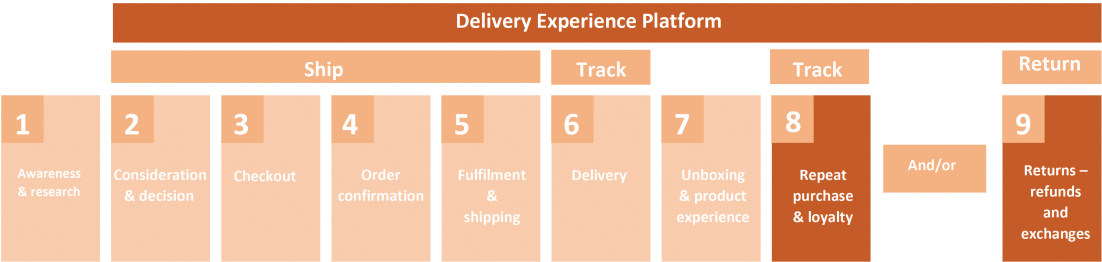
Table 1: Sorted Delivery Experience Platform Overview

 <h2>Ship</h2> <p>Get total control of your carrier management and optimise shipment allocation</p> <ul style="list-style-type: none"> • Management dashboard • Carrier library • Compliant labels and docs 	 <h2>Track</h2> <p>Get all your shipment tracking data in one place and proactively communicate with your customers</p> <ul style="list-style-type: none"> • Branded tracking • Branded communications • Management dashboard 	 <h2>Return</h2> <p>Get labels and automate your entire customer returns process, including refunds and exchanges</p> <ul style="list-style-type: none"> • Branded returns portal • Customer returns management • Label generation and reselling
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The Directors believe that Sorted's Delivery Experience Platform enables Sorted to give its customers, and their respective consumers, control and visibility of the whole ecommerce journey, whether it be through offering consumers better delivery choices, enabling ecommerce businesses to take control of the extensive Carrier and delivery management capabilities, giving both the ecommerce business and the consumers the real time delivery insights they need, or seamlessly facilitating the increasingly critical product returns process.

A full breakdown of where the Sorted Delivery Experience Platform sits across the ecommerce customer journey is outlined in table 2 and a detailed overview of each respective proposition is outlined below.

Table 2: Delivery Experience Platform in the context of the ecommerce customer journey



- Ship**

Ordinarily when an ecommerce business seeks to deliver a parcel to a customer, it relies on Carrier partners to execute the final stages of the ecommerce customer journey. Carrier partners vary in the levels of delivery services offered. This ranges from same day, next day to two-person deliveries services at a range of price points. This fragmented offering can result in ecommerce businesses requiring access to a panel of Carrier partners to run a delivery operation that fits their respective customers' needs, often at rigid price points.

Rather than burdening an ecommerce business with building and maintaining their own resource-heavy and expensive software interface, which is capable of accessing multiple Carrier partners at competitively negotiated prices into their ecommerce infrastructure, Ship provides a ready-made software solution for consignment deliveries that can integrate into customers' existing API.

Ship incorporates a catalogue of Carrier services that have been onboarded and integrated into the system, formally known as the 'on-platform' Carrier services. The 'on-platform' Carrier services acts as a single user interface for connecting ecommerce businesses to Carriers thereby avoiding the need for developing multiple integrations with multiple different carriers.

Through the Ship interface, ecommerce businesses can print Carrier compliant labels, manage Carrier operations, access performance reports and ensure that each parcel is delivered at the most competitive price. In addition, Ship enables ecommerce businesses to increase the levels of delivery services offered to their customers while simultaneously acting as a single carrier management platform. Furthermore, Ship allows for ecommerce businesses to directly connect their online checkout infrastructure with warehouses' activity. For example, the delivery options presented to a customer via Ship will take into account the delivery options that are realistically able to be fulfilled by the warehouse.

In 2020, Sorted soft-launched a new version of Ship known as "Shipments". Shipments sits along the standard form version of Ship. However, Shipments was designed to support the complex needs of larger strategic Enterprise customers and was instigated due to demand from notable strategic customers of Sorted.

The Shipments platform is underpinned by a microservice-based architecture to ensure long term flexibility, scalability and high resilience for Sorted's customers. While the core Ship proposition remains the same, Shipments offers a broader feature set that is attractive to enterprise customers. Features include but are not limited to advanced shipping rules, shipping modes for setting hard and soft allocation limits, grouping of shipments, and streamlining of multi-brands (for example, when a retailer manages shipping operations for multiple different concession offerings under the parent company – where each brand is likely to have a different customer delivery experience requirement).

Longer term, Sorted intends to work towards consolidating both Shipments and Ship into one single offering. In addition, Sorted intends to expand Ship's Carrier library and improve parcel pick up and drop off services.

- *Track*

Track is Sorted's shipment tracking engine, aggregating and enhancing parcel tracking information that is provided from Carriers to ecommerce businesses. Track gathers tracking event data from Carriers. Tracking events occur as the parcel travels through the delivery network on its way to the customer. Track subsequently processes and unifies this data, and then presents the data to ecommerce businesses in a simple, easy to digest and user-friendly dashboard. This provides ecommerce businesses with the ability to monitor the status of deliveries and performance of deliveries in Track's user-friendly interface dashboard. Track is also capable of calculating when a shipment may be missing or is late, allowing ecommerce businesses to pre-emptively manage consumer expectations.

Track simultaneously provides ecommerce businesses with flexibility in relation to how they handle all the data collected. For example, Sorted customers can use the Track user interface to service incoming queries, automate proactive notifications or create "tracking" pages to reduce incoming 'where is my order' enquiries. Similarly, Track allows ecommerce businesses to send automated SMS and email communications to consumers, and use "webhooks" to alert them of shipment tracking events. Notable examples include if a Carrier scans a parcel to flag that it is 'in transit', the ecommerce business can trigger a customer communication to say, '*It's on its way*' or '*With you soon*'. This further reduces manual customer contact touchpoints, as there is no 'communication black hole' and the dialogue between the ecommerce business and the customer stays open proactively throughout the delivery journey. Given the standardised nature of how Track collects data, users can also build API-driven tracking pages directly on their websites. These pages are powered in the background by Track and are fully customisable and branded in accordance with the ecommerce businesses' design style.

Since the launch of Track, additional features have been developed to seek market leadership. Most notably, Track offers proactive alerting. Proactive alerting provides ecommerce businesses with advanced warning of delivery exceptions, helping Track customers proactively address potential problems with shipments so that they can take action and/or inform customers as required. In addition, improvements to branded tracking pages have been made.

Sorted intends to focus on integrating the Track interface into broader software platforms such as large ecommerce platforms as well as to incorporate additional features such as SMS.

- *Return*

For smaller, growing ecommerce businesses, managing returns can be costly and a time-consuming process. The Return proposition is delivered through Sorted Returns Center, an Application available through Shopify and BigCommerce. The Sorted Returns Center provides a platform through which ecommerce businesses can access preferential label rates from multiple Carriers, automate laborious stages of the returns process, and monitor how returns are progressing throughout the refunds and exchanges process.

Sorted Returns Center is integrated into the Shopify ecosystem. Shopify is an ecommerce platform that allows retailers and businesses to easily set-up and run an online store and access all the essential services required of an online business to maximise their commercial success.

Sorted originally chose to integrate the Sorted Returns Center into Shopify for two reasons. Firstly, Shopify is one of the biggest ecommerce storefront platforms in the world by volume usage. Secondly, Shopify allows a simple connection to an ecommerce businesses order, stock and pricing data, all of which are essential to the success of a return's automation product.

Upon installation of the Sorted Returns Center, a choice of subscription plans can be chosen from, each of which offers a 14-day free trial period. Subscription plans on Shopify range from a "silver" package at US\$20 per month, a "gold" package at US\$50 a month to a "platinum" package at US\$500 a month. A summary of the differences between each subscription package is highlighted in table 3.

The Sorted Returns Center is immediately accessible following installation, beginning with the activation of the return portal on a “user’s retail storefront”. The return rules that the user wishes to configure can be set-up and edited in seconds from the settings section of the Sorted Returns Center at which point the user can also choose to add in automated approval logic. Examples of automated approval logic include auto-approving refunds if the return request reason exceeds or falls under a certain size threshold. This allows the end user to receive a quick approval or rejection in relation to their returns request. In addition, the Sorted Returns Center offers ecommerce businesses a return portal which can be fully branded.

To make the return journey as easy and intuitive as possible for the end consumer, users of the Sorted Returns Center have the ability to buy Collect+ (Yodel) or Evri in the UK or USPS labels in the US, from Sorted to send directly to consumers. Both end consumers and users of the app can then leverage the Carrier’s tracking links to monitor the return on its reverse journey to the ecommerce business.

A management dashboard allows the user to monitor and action all pending and open return requests.

Table 3: Sorted Returns Center pricing package overview

SILVER	GOLD	PLATINUM
\$20/month	\$50/month	\$500/month
Labels are charged at £5.22 for Collect+ & from \$3.40 for USPS	Labels are charged at £5.22 for Collect+ & from \$3.40 for USPS	Labels are charged at £5.22 for Collect+ & from \$3.40 for USPS
100 returns a month Collect+ & USPS labels or upload own Portal Pre-made policy Return window & rules Customer & retailer updates & more	300 returns a month All features in Silver Auto one-click refunds Auto-exchange order creation Store credit Custom email templates & more	3500 returns per month All features in Silver & Gold plans Portal styling assistance 1 hour support response time Tech support & more

Following the acquisition of Clicksit, Sorted recognised that customer activation of what is now the Sorted Returns Center, required significant ongoing support from Sorted’s sales representatives. As a result, in order to enable a user driven and intuitive product activation journey, Sorted introduced a range of improvements including but not limited to the settings pages, returns portal, additional “know-how” articles and an improved “getting started” journey. In addition, Sorted has since further monetised the platform. For example, Sorted concluded a re-seller agreement with Evri, enabling Sorted to produce Evri return labels available to all Sorted Returns Center Application customers in the UK.

Customers

Sorted has a diverse customer base ranging from mid-sized, growing ecommerce businesses to multi-national organisations. Sorted’s delivery experience software customers can be broadly categorised into the following two groups:

1. Corporate and Enterprise customers: Corporate customers currently represent ecommerce businesses generating in the region of 300,000 units to 12,000,000 units in aggregate shipping parcel volume per year and Enterprise customers currently represent those ecommerce businesses generating in excess of 12,000,000 units in aggregate shipping parcel volume per year (not all shipped or tracked by Sorted). The precise ranges for both Corporate and Enterprise customers are subject to Sorted’s periodic review and accordingly may change. Notable Corporate customers include musicMagpie Plc, French Connection and Mint Velvet. Notable Enterprise customers include ASOS plc, Asda Stores Limited, Boohoo Group PLC and Marks & Spencer plc.
2. SMB customers: businesses that exist in almost any industry, typically with smaller numbers of employees and smaller up-front capital investments. In the European Union, SMB’s represent 99 per cent. of all businesses and employ an estimated 100 million individuals. In the United States, there are estimated to be 33.2 million SMB’s.

As at September 2023, Sorted’s Ship had 37 customers generating an average annual recurring revenue of £92k each. Track had 17 customers generating an average annual recurring revenue of

£74k each. Return had a total of 700 SMB customers generating an average annual recurring revenue of £240 each.

Sorted currently has 11 Multi-Product Customers generating an average annual recurring revenue of £191k each.

Direct users of the Sorted Delivery Experience Platform within both customer categories are uniform and include employees belonging to the operations & logistics, customer services and ecommerce teams. In addition, within both customer categories, Sorted predominantly targets ecommerce and Omnichannel businesses as well general retail businesses operating in varying segments such as apparel and footwear, beauty, personal care, homeware to electronics, healthcare and groceries. In any event, the Sorted Delivery Experience Platform is developed to be agnostic to the underlying ecommerce activity.

Customer acquisition strategy

Sorted's customer acquisition strategy differs by customer category. "Corporate and Enterprise" customer acquisition is delivered through a combination of direct outbound sales, channel or third-party sales (for example reselling through logistics providers such as Wincanton plc), inbound sales and marketing programs. These are oriented predominantly around the Ship and Track propositions. In relation to SMB customer acquisition, a "low touch" self-service buyer journey exists. Further details in relation to each approach are outlined as follows.

1. "Corporate and Enterprise" customer acquisition strategy:

Sorted focuses its direct plus channel sales and marketing programs around a clearly defined set of targeted accounts. In this respect, a mixture of content and digital marketing programs is deployed, complemented with outbound prospecting with the aim of booking qualified introductory meetings with key buying individuals from within the defined set of targeted accounts.

A clearly defined lead-to-revenue process is followed by the Sorted representative which outlines the criteria that must be met in order for a lead to progress through each stage of the funnel and into the sales pipeline. In this regard, Sorted's sales pipeline consists of six stages; discovery, validate, requirements, proposal, negotiation and closed. Each stage in the sales pipeline has clearly defined progression criteria and reporting is in place to objectively track momentum throughout the sales pipeline process.

Customer onboarding is orchestrated by the Sorted project management team and delivered by a cross functional team comprising of members from the pre-sales, customer success, onboarding and engineering teams. The standard onboarding journey for progressing a Corporate and Enterprise business to live operations on the Sorted Delivery Experience Platform is described below.

- (1) Contract signature – Sales
- (2) Internal sales handover – Sales and Pre-Sales
- (3) Customer kick-off meeting – Project Management
- (4) Customer integration design workshop – Customer Success
- (5) Integration blueprint review meeting – Customer Success
- (6) Project & test plan outline – Project Management
- (7) Project execution – Project Management
- (8) Testing execution – Project Management
- (9) Transition to live operation and billing – Project Management

2. SMB customer acquisition strategy:

Customer acquisition within the SMB arena is predominantly marketing driven, specifically through the execution of advertising campaigns across prominent search engines. These campaigns are designed to drive qualified traffic from small and medium sized businesses to the Sorted Returns Center landing page on the Shopify Marketplace. From here, prospective SMB customers can install the App within their Shopify ecommerce platform and begin to use Sorted's suite of services right away.

Once a retailer installs the Sorted Returns Center Application, they are guided within the application through a set-up process, aided by a series of self-support articles without the need for interaction with a sales professional from Sorted.

This two-way model towards customer acquisitions means that Sorted is able to commit resources to securing the most lucrative Corporate and Enterprise business contracts while simultaneously streamlining the acquisition process of SMB customers in a manner that can easily be scaled with limited additional costs to Sorted.

Competition

The market for delivery experience products is fragmented. This presents an opportunity for Sorted to establish market leadership. While there are multiple market participants offering shipping (either Carrier management or label rate reselling), tracking and return products and services, the Directors believe that there is no dominant player that offers a delivery experience platform for the entire ecommerce spectrum ranging from SMBs to larger Corporate and Enterprise businesses.

Sorted's competition can be broadly categorised into the following groups:

1. *Carrier Management System competitors:*

The Carrier Management System segment, where Ship is positioned, is mature. Competitors within this group tend to concentrate their marketing efforts towards larger Corporate and Enterprise businesses and to a smaller extent the SMB market, rather than providing an offering across the entire ecommerce spectrum. Each competitor is strategically partnered with a variety of Carriers. As a result, Carrier availability varies across the market and is a strength for some competitors and a weakness for others. In addition, while certain competitors within this group offer an efficient shipping product for larger companies, they lack a post-purchase experience product. This means that businesses may seek to switch to a complete delivery experience platform as post-purchase experience becomes a bigger consideration. Sorted considers its key competitors to include nShift, the Metapack Group, Scurri and AfterShip.

2. *Post purchase tracking competitors:*

The post purchase tracking segment remains novel and in development. However, this segment has recently seen innovation, amongst other areas, with an increase in the number of features available, improved packaging and pricing. Despite this, the levels of post-purchase tracking solutions available across the spectrum of SMBs and larger Corporate and Enterprise businesses remains wide. Sorted considers its competitors to include Narvar, ParcelLab and AfterShip.

3. *Return management competitors:*

The returns segment can be characterised by the large number of smaller product and service providers operating within the segment, predominantly through Shopify Marketplace, servicing SMBs. Additionally, there are established companies which have track records in catering to larger Corporate and Enterprise businesses by offering a returns fulfilment capability in addition to refund and exchanges management software. Sorted considers notable examples to include ZigZag Global, ReBound Returns (a subsidiary of Reconomy Group), ParcelLab and AfterShip.

4. *Ecommerce businesses building delivery technology in-house:*

Forming a smaller portion of the delivery experience market, certain ecommerce businesses have developed in-house full end-to-end delivery experience processes. Within this model, very little or no delivery experience technology is sought from external third-party providers. Notable ecommerce businesses who have developed in-house delivery experience processes include Next. For example, Next has developed software that powers all ecommerce, warehousing, shipping and delivery operations, which it now uses to host operations for other, smaller or struggling retail brands.

The Directors believe that no single platform meets the delivery experience requirements of each market segment consistently with one single integrated solution. As a result, with Sorted's Delivery Experience Platform offering ecommerce businesses a complete end-to-end post-purchase solution, the Directors believe that Sorted is well positioned to increase its market share across the delivery experience industry. The Directors further believe that there are significant barriers to entry into the Carrier Management System industry due to the significant investment required to create a software solution along with significant asset investment in a global Carrier library. With this in mind, the significant investment made by Sorted into the Delivery Experience Platform to date reinforces Sorted's position in the delivery experience area.

5. Summary financial information

Sorted

The table below sets out Sorted's summary financial information for the last three financial years ended 30 September 2022. The historical information was prepared and audited under IFRS. The summary below has been extracted from Part IV of this Admission Document. **In order to make a proper assessment of the financial performance of Sorted's business, prospective investors should read this document as a whole and not rely solely on the key or summarised information in this section.**

	<i>For the 16 months ended 30 September 2020 (audited) £'000</i>	<i>Year ended 30 September 2021 (audited) £'000</i>	<i>Year ended 30 September 2022 (audited) £'000</i>
Revenue	5,267,755	4,458,603	6,117,176
Gross profit	3,669,989	3,721,657	4,038,593
Gross margin (%)	69.7%	83.5%	66%
Operating profit/(loss)	3,669,989	3,721,657	4,038,593
Profit/(loss) before tax	<u>(8,927,527)</u>	<u>(14,175,427)</u>	<u>(28,647,707)</u>
Tax credit	<u>1,985,097</u>	<u>2,106,424</u>	<u>–</u>
Profit/(loss) for the year	<u><u>(6,942,430)</u></u>	<u><u>(12,069,003)</u></u>	<u><u>(28,647,707)</u></u>

An unaudited pro-forma statement of net assets is contained in Part V of this document to illustrate the effect of the Proposals on the Enlarged Group.

Sorted has delivered consistent annual recurring revenue growth. While this growth is pleasing, significant investment has been made in Sorted to achieve this. To date, approximately £71.07 million in equity investment and approximately £4.36 million (excluding accrued interest) in debt financing has been invested in Sorted, allowing the business to build its carrier services library and maintain its growth trajectory.

As a SaaS business, in the early stages of the development of Sorted's business there was significant cash consumption in order to, *inter alia*, construct the underlying technology and people infrastructure required to deliver a 24x7 mission critical global SaaS platform. Since then, significant investment has been committed to expand Sorted's proposition including towards the launch of Track in 2018 which was followed by the most recent equity funding round of £21.0 million in 2021 being deployed to deliver a number of transformation initiatives. These include investment into customer and platform efficiency, scalability, acquiring Clicksit and the bolstering of the businesses enterprise architecture to enable automation versus people-centric processes.

While Sorted is still in a growth-phase, the investments outlined above have result in improved revenue. In any event, substantive competitors in the enterprise delivery management sector have also historically had to commit to aggressive capital investment. Accordingly, the Directors believe that the investment made by Sorted to date should position Sorted on a trajectory towards reaching profitability in the medium term.

Location Sciences

The audited annual reports and accounts for the Company for the financial years ending 31 December 2022, 2021 and 2020 as well as the unaudited interim financial results for the six months ended 30 June

2023 and 2022 are incorporated by reference under the exemption set out in Rule 28 of the AIM Rules for Companies. These annual reports and accounts are available online at the Company's website: www.locationsciencesgroup.ai.

6. Strategy of the Enlarged Group

On Completion, the Company will own 100 per cent. of Sorted and as a result Sorted will become the Company's core business. The strategy of the Enlarged Group will be to continue the diversification of its customer base by focussing on Corporate and Enterprise as well as SMB customer expansion. The Enlarged Group intends to achieve this through delivering against a clearly defined product strategy over the next several years. At the centre of the Enlarged Group's product strategy is the delivery of new key initiatives across the Delivery Experience Platform. This includes increased data monetisation, modular packaging and enhanced Carrier integration capabilities, further details of which are outlined below:

- Further developing the Delivery Experience Platform to deliver new Carrier services more efficiently. For example, Refactoring the underlying Carrier integration service infrastructure for optimal speed to market with significantly improved unit economics;
- Expanding the Return proposition's routes to market beyond the Shopify ecosystem, which the Directors believe will accelerate customer acquisition and volume growth and separately advancing features to increase customer lifetime value;
- Evolving the Track proposition to become a more modular and reduced "touchpoints" offering. This includes enhanced self-service and automation capabilities and improving the ability for customers to use the features they require from our core product offering in discrete bundled feature sets, such as:
 - Branded communication with email and SMS incorporating brand tone of voice communication and configurable messages for differing parcel journeys;
 - Branded parcel tracking pages;
 - Embedded tracking APIs to allow customers to embed tracking data into their own websites and ecommerce platforms; and
- Introducing additional data insight capabilities including enhanced reporting, as well as further product feature development, such as configurations calculating allocation rule efficiency.

The above product strategy is intended to enable the delivery of a clearly defined go-to-market strategy, focussed on:

- (i) retaining and growing Sorted's Corporate and Enterprise customer base;
- (ii) accelerating direct sales of Ship and Track within the Corporate customer base through the expansion of Sorted's dedicated sales teams initially in the UK and subsequently into the US;
- (iii) continued focus on driving SMB customer acquisition and retention through the established Shopify Marketplace and applying these proven methods to any new Return routes to market as appropriate; and
- (iv) deepening Sorted's channel partnering capability with the expansion of strategic partnerships in both the UK and the USA.

The principal place of business of the Enlarged Group will be Level Six, 111 Piccadilly, Manchester, England, M1 2HY with effect from Admission.

7. Current trading and prospects

Location Sciences

On 14 September 2023, Location Sciences announced its unaudited interim financial results for the six months ended 30 June 2023 (H1 2023). During this period, Location Sciences generated revenue of £33,765 (H1 2022: £145,430) and a loss before tax of £232,538 (H1 2022: £492,353). As at 30 June 2023, Location Sciences held cash and cash equivalents of £3,498,243 (30 June 2022: £4,227,685).

Sorted

Summary of performance in the financial year ended 30 September 2022

During the financial year ended 30 September 2022 (“**FY 2022**”), Sorted faced significant challenges stemming from a number of legacy issues, ultimately culminating in Sorted reporting a loss before tax of £28,647,707 (30 September 2021: loss of £14,175,427). These legacy issues had been accumulating against the backdrop of the Sorted Group’s preceding period of rapid growth. These legacy issues ranged from the need for Sorted to commit significant investment towards enhancing elements of Sorted’s Delivery Experience Platform and its underlying technology stack to the need to implement more aggressive end-to-end automation across the business.

The manifestation of these legacy issues affected the Sorted Group’s trading performance and customer experience, including adversely impacting customer satisfaction, unexpected customer churn and ultimately delayed revenue realisation for the Sorted Group. Consequently, the Sorted Group pre-emptively agreed to slow down new customer acquisition midway through FY 2022 and instead focused resources towards a program of stabilisation and scalability on core elements of its Delivery Experience Platform.

In addition, the acquisition of Clicksit in December 2021 was originally anticipated to provide Sorted with a suite of products to create a truly differentiated “Delivery Experience Platform” as well as to enable Sorted to access and service the SMB market domestically and internationally through the use of Clicksit’s return solution and App (now known as Return). Frustratingly, the anticipated benefits from the acquisition of Clicksit and the intended SMB market entry did not occur during FY 2022 as originally anticipated due to the need to redirect resources to the stabilisation efforts noted above coupled with the need to implement a number of Return product enhancements, particularly in relation to its self-service and automation efficacy. The inability to deliver on the strategic objectives of the Clicksit acquisition resulted in the goodwill on the Clicksit acquisition being largely impaired in FY 2022 as reflected in the Sorted Group’s losses.

Summary of performance in the financial year ended 30 September 2023

The New Board is pleased to report that the Sorted Group has made substantial progress during the financial year ended 30 September 2023 (“**FY 2023**”) in establishing: (i) a robust and resilient Delivery Experience Platform with 99.998 per cent. “online” availability as well as approximately 52.7 million shipments created and 74.1 million shipments tracked on the Delivery Experience Platform; (ii) regained trust with the Sorted Group’s customers; and (iii) a successful relaunch of new customer acquisition sales that have delivered six new Corporate and Enterprise customers in FY 2023, four of which have subscribed to both the Ship and Track propositions and two of which have subscribed for either the Ship or Track propositions on a stand-alone basis and lastly, nine Corporate and Enterprise customer renewals.

Furthermore, progress has been achieved with the Sorted Group having 700 recurring revenue generating customers as at FY 2023 (FY 2022: 317 customers). Furthermore, the Sorted Group continues to believe in the SMB market and the Return proposition and in this respect, Sorted continues to commit resources towards driving this strategy forward.

In the six months to 31 March 2023 (“**HY 2023**”), the Sorted Group reported unaudited revenue of £3,473,613 (31 March 2022: £2,715,058), an operating profit of £2,333,833 (31 March 2022: £2,0003,250) and an unaudited loss before tax of £7,379,562 (31 March 2022: loss of £10,642,675). Subsequent to 31 March 2023, Sorted has undertaken a significant cost reduction programme, with a particular focus on platform efficiency and streamlining the organisational structure. This cost reduction programme has resulted in annualised cost savings amounting to approximately £7.6 million in FY 2023. For the financial year ended 30 September 2023, through its SaaS business model, Sorted had total unaudited revenue of approximately £6.5 million.

More recently, the Sorted Group also delivered another successful Christmas retail peak period (14 November 2023 through 8 January 2024) with shipment volume up 30 per cent. from the 2022 Christmas retail peak period to 13.95 million along with 18.42 million shipments tracked and 2.19 billion unique tracking events handled.

Looking ahead, Sorted's ongoing transformative workstreams focus on: (i) establishing a leading Delivery Experience Platform across all market tiers; (ii) enhancing core technology for automation, self-service and cost efficiency; (iii) diversifying customer acquisition to drive a more robust mix of small, medium and large contracts; (iv) expanding internationally, starting with the US market; and (v) delivering balanced revenue growth and in due course profitability.

While Sorted, like other technology providers operating in the retail sector, has faced challenges as a result of the broader macro-economic headwinds impacting, in particular, the ecommerce sector, the management team of Sorted are confident that the Sorted Group is well positioned to add to its existing pipeline and expand its revenue base.

8. Principal terms and financial effect of the Acquisition

The consideration for the Acquisition

Under the terms of the Acquisition Agreement, the Company has conditionally agreed to acquire the entire issued share capital of Sorted for an aggregate nominal consideration of approximately £66.73, to be paid by the Company in cash at Completion. In addition, as part of the terms of the Acquisition Agreement, Location Sciences will assume approximately £4.7 million (including accrued interest) of Sorted's outstanding debt.

The Acquisition Agreement contains fundamental warranties given by the Core Sellers and certain business warranties from the Warrantors in favour of the Company subject to certain limitations, in particular as to the maximum amounts which may be claimed.

The Acquisition Agreement is conditional upon, *inter alia*; (i) the Resolutions being passed; (ii) the Drag Along being successfully completed; (iii) the Subscription being successfully completed; and (iv) Admission.

Further details of the Acquisition Agreement are set out in paragraph 12 of Part VII of this document.

The Company will use its existing cash resources to satisfy the costs and expenses associated with the Acquisition.

Financial effects of the Acquisition

An unaudited pro forma statement of net assets and an unaudited pro forma income statement for the Enlarged Group, prepared for illustrative purposes only, showing, *inter alia*, the impact of the Acquisition on the Enlarged Group is set out in Part V of this document.

9. Directors, Senior Managers and Employees

Directors

The Existing Directors will remain on the New Board following Admission and New Directors will be appointed to the New Board effective from the date of publication of this document.

As a result, the New Board will comprise of the following individuals on publication of this document:

Simon John Wilkinson, aged 58, Non-Executive Chairman

Simon Wilkinson is an experienced software executive and entrepreneur, having been involved with a number of public and private companies over his career. He was most recently Executive Chairman and then Chief Executive Officer of Mobic, a software services company offering bespoke development, QA and consultancy. He was previously Chief Executive Officer of Myriad Group AG, which was listed in Zurich, and founder and Chief Executive Officer of Magic4 Ltd, a mobile messaging software market leader, backed by 3i, Philips Ventures and Motorola Ventures. Simon joined the board of Location Sciences on 25 May 2021.

Carmen Christine Carey, aged 61, Chief Executive Officer

Carmen has over 20 years of technology expertise leading go-to-market strategies and developing cutting-edge solutions in her executive roles at brands such as ControlCircle, MessageLabs and BroadVision. As CEO, Carmen powers Sorted's strategy, drives business transformation, backs Sorted's vision and supports the leadership team to deliver Sorted's growth plans. Carmen originally joined the board of Sorted as a non-executive director on 20 April 2020 and was subsequently appointed to the board of Sorted as CEO on 1 September 2021.

Mahmoud Hamid Warriah, aged 56, Chief Financial Officer

From startups to blue chips, Mahmoud has a strong track record of successfully delivering commercial, transitional and business transformational change. He is a qualified chartered accountant with extensive experience across multiple sectors and draws upon his computer science degree to resolve complex operational challenges. Mahmoud has been Sorted's acting interim chief financial officer since 3 October 2022.

Dr. Nigel John Burton, aged 65, Non-Executive Director

Dr Nigel Burton spent 14 years as an investment banker at leading City institutions including UBS Warburg and Deutsche Bank, including as the Managing Director responsible for the energy and utilities industries. Following this he spent 15 years as Chief Financial Officer or Chief Executive Officer of a number of private and public companies. He is currently a Non-Executive Director of BlackRock Throgmorton Investment Trust plc, DeepVerge plc, eEnergy Group plc and Microsaic Systems plc. Dr Burton joined the board of Location Sciences on 25 May 2021.

Petar Cvetkovic, aged 62, Non-Executive Director

Petar is the Founder and current Chairman of Welford Investments Limited, which specialises in equity holdings in growth companies, ownership of freehold commercial properties and advisory work. Over the course of his 36-year career, he has led some of the UK's best-known logistic firms, working in parcels, contract and shared-user distribution as well as supply chain and international logistics. Petar was formerly the Chief Executive Officer of DX (Group) Plc and Target Express.

The New Board intends to appoint a further independent Non-Executive Director to the board of directors of the Enlarged Group within 12 months from Admission.

Following completion of the Acquisition, the Enlarged Group's senior management team will include the following individuals:

Senior Management of Sorted

Robert Henry Whittick, Chief Operating Officer of Sorted

Rob has a history of leadership in enterprise software delivery within blue chip organisations, and a track record of delivering complex projects and solving challenges in fast-paced environments. He has operated in leadership, governance, delivery assurance and troubleshooting roles, to deliver successful business outcomes.

Timothy John Cox, VP of Customer Experience of Sorted

For over 25 years, Tim has built and transformed development teams – from the start ups to the scale ups of global SaaS companies. Keeping a close eye on Sorted's processes and technology, Tim has the know-how on how to automate the business end-to-end and proactively support Sorted's customers with a seamless experience.

Axel Iwan Ludwig Lagerborg, VP of Sales of Sorted

Axel has over 20 years' experience managing teams while working in the UK, US, Canada, Luxembourg, Spain and Chile. Prior to joining Sorted, he's headed up the European, the Middle East and Africa (EMEA) sales teams at OpenText, Mblox (now Sinch) and MACH (now Syniverse).

Daniel John Greenall, VP of Marketing & Product Management of Sorted

Dan is responsible for Sorted's marketing function and monitors the market, the latest trends and Sorted's growth strategy. Dan spent the last 10 years leading B2B marketing teams in fast-paced businesses, such as Daisy Group and AccessPay.

Employees

As at the Business Day before the date of this document, the Group had 2 employees. Following completion of the Acquisition, the Enlarged Group will have approximately 68 employees.

10. The Subscription

The conditional Subscription will raise gross proceeds for the Enlarged Group of £1,999,997.99 (before estimated expenses of approximately £1.02 million (excluding VAT)). The Subscription Shares represent approximately 29.92 per cent. of the Enlarged Issued Share Capital. On Admission, the Enlarged Group will have a market capitalisation of approximately £6,684,741.88 at the Issue Price.

The Subscription Shares will, where applicable, be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the New Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the Enlarged Share Capital.

The Company has received direct subscriptions for the Subscription Shares from the Subscribers at the Issue Price pursuant to the terms of the Subscription Letters. The Subscription Shares will be issued at Admission. The Subscription is not underwritten and will be conditional on Admission, and the passing of Resolutions 1, 2, 3 and 4 by Shareholders at the General Meeting.

Further details of the Subscription Letters are set out in paragraph 11(c) of Part VII of this document.

Use of Subscription Proceeds

While the principal purpose of the Subscription is to give existing shareholders of Sorted the opportunity to participate in the Subscription and to align their interests with those of existing Location Sciences shareholders, the Enlarged Group intends to use the net proceeds receivable from the Subscription to: (i) contribute towards expanding Sorted's existing customer base of Corporate and Enterprise as well as SMB customers; (ii) deliver new key initiatives across the Delivery Experience Platform; and (iii) provide working capital.

11. Remuneration Shares and the CLN Shares

Remuneration Shares

Historically, the Existing Directors have agreed for their directorship fees to be paid annually in advance and that payment owed by the Company to each of the Existing Directors is applied to them in the form of Existing Ordinary Shares. As at the date of this document, Dr. Nigel Burton and Simon Wilkinson have accrued approximately £60,000 each in directorship fees. Accordingly, both Dr. Nigel Burton and Simon Wilkinson have agreed with the Company that payment of their respective accrued directorship fees is to be satisfied through the issuance of the Remuneration Shares on Admission at the Issue Price. The Remuneration Shares to be issued on Admission comprises 68,571 new Ordinary Shares to Simon Wilkinson and 68,571 new Ordinary Shares to Dr. Nigel Burton.

The allotment and issue of the Remuneration Shares is conditional upon the passing of Resolutions 1, 2, 3 and 4 by Shareholders at the General Meeting.

CLN Shares

A number of investors currently hold convertible loan notes ("**CLNs**") in Sorted. As part of the Acquisition, it is proposed that the CLNs held by two investors, namely Shard Credit Partners Venture Debt I S.à.r.l ("**Shard Lux**") and Carmen Carey will be converted into equity in the Company, namely the CLN Shares, as part of a debt for equity swap.

Carmen Carey holds CLNs with a nominal value of £50,000 which will convert into New Ordinary Shares at the Issue Price, such that Carmen Carey will receive 57,142 CLN Shares.

Shard Lux holds CLNs with a nominal value of £250,000 will convert into 285,714 New Ordinary Shares at the Issue Price, which will be held by Shard Credit Partners Venture Debt Fund I LP. In addition, pursuant to the Debt Conversion Agreement (further details of which can be found at paragraph 12(d) of Part VII of this document), it is proposed that Shard Credit Partners Venture Debt Fund I LP will receive an additional 637,855 New Ordinary Shares at the Issue Price, to settle certain interest payments relating to 2023 and 2024 under the Shard Facility Agreement (further details of which can be found in paragraph 13(a) of Part VII of this document). In total, Shard Credit Partners Venture Debt Fund I LP will receive 923,569 CLN Shares.

The CLN Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the New Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the Enlarged Share Capital.

The issue of the CLN Shares will be conditional upon the passing of Resolutions 1, 2, 3 and 4 by Shareholders at the General Meeting.

While other CLNs held in Sorted will be amended and restated as simple loan notes such that they are no longer convertible into Sorted equity, the CLNs held by Arete Investors 16 (Nominees) Limited and Chrysalis Investments Limited will remain in place following completion of the Acquisition and will continue to be convertible into shares in Sorted. Arete Investors 16 (Nominees) Limited holds CLNs with a principal value of £372,500, and Chrysalis Investments Limited holds CLNs with a principal value of £315,750 (together, the “**Remaining CLNs**”).

There is no requirement that the conversion rights under the Remaining CLNs be exercised, but their holders will retain that option. The Directors do not believe that there would be a strong commercial rationale for exercising the conversion rights and gaining a minor and illiquid interest in an operating subsidiary of the Company. However, if the CLN holders do choose to exercise their conversion rights, the number of shares in Sorted to which they would be entitled depends on the determination of the conversion price pursuant to the relevant convertible loan agreements. The conversion price is linked to the last equity raise carried out by Sorted unless parties agree an alternative price, the Directors are of the opinion that it is unlikely than an alternative price would be agreed. In this case, if all Remaining CLNs were exercised at the expected conversion price, they would convert into 918 new shares in Sorted in aggregate, roughly equivalent to 0.6 per cent. of the entire issued share capital of Sorted. These numbers are intended to illustrate the Directors’ reasonable expectation and should not be relied upon as guaranteed.

12. Name change

To reflect the business of the Enlarged Group, the New Board are proposing to change the name of the Company to: “Sorted Group Holdings plc”. The change of name will become effective once the Registrar of Companies has issued a new certificate of incorporation on the change of name. This is expected to occur on or around 19 February 2024. The tradeable instrument display mnemonic (“TIDM”) of the Company is expected to change to AIM: “SORT” effective from 8.00 a.m. on or around 19 February 2024.

13. Share Consolidation

At the date of this document, there are 2,647,587,398 Existing Ordinary Shares of nominal value 0.1 pence each in the capital of the Company in issue. The New Board consider that the number of Existing Ordinary Shares is unwieldy in volume. The Directors consider that the Share Consolidation will result in a more appropriate share capital structure for the Enlarged Group which is expected to increase the Enlarged Group’s share price proportionately which may consequently positively impact the liquidity of and trading activity in the Enlarged Group’s shares; and provide the basis for enhanced perception of the Enlarged Group, improving its marketability to a wider investor group.

Under the Share Consolidation, it is proposed that every 625 Existing Ordinary Shares be consolidated into one New Ordinary Share of nominal value 62.5p each. Accordingly, the proportion of Existing Ordinary Shares held by each Shareholder immediately before the Share Consolidation will, save for fractional entitlements (which are discussed further below), be the same as the proportion of New Ordinary Shares held by each Shareholder immediately after the Share Consolidation. The New Board believes that the Share

Consolidation will result in a more appropriate number of shares in issue for a company of the Enlarged Group's size.

The New Ordinary Shares will carry equivalent rights to the Existing Ordinary Shares, save as to nominal value.

To effect the Share Consolidation, it will be necessary to issue 102 additional Existing Ordinary Shares so that the Company's issued ordinary share capital is exactly divisible by 625. It is proposed that these additional Existing Ordinary Shares will be issued to the Company's share registrars, Computershare on the Record Date. These additional Existing Ordinary Shares would only represent an entitlement to a fraction of a New Ordinary Share, so this fraction would be sold pursuant to the arrangements for fractional entitlements described below.

In the event that the number of Existing Ordinary Shares held by a Shareholder is not exactly divisible by 625, the Share Consolidation will generate an entitlement to a fraction of a New Ordinary Share.

The New Board proposes that any such fractional entitlements will be aggregated and sold in the market for the best price reasonably obtainable, in accordance with Article 2.8 of the Articles, with the proceeds being to the benefit of the Enlarged Group. Given the small economic value of such fractional entitlements, the New Board is of the view that the distribution of the sale proceeds to individual Shareholders would result in a disproportionate cost to the Enlarged Group.

Any Shareholder holding fewer than 625 Ordinary Shares at the Record Date will cease to be a Shareholder.

The issued share capital of the Company immediately following the Share Consolidation is expected to comprise 4,236,140 New Ordinary Shares.

The entitlements to New Ordinary Shares of holders of share options or other instruments convertible into Existing Ordinary Shares will be adjusted in accordance with their terms to reflect the Share Consolidation. Pursuant to a determination of the Company's auditor, immediately following the Share Consolidation the Warrants outstanding shall be as follows:

<i>Warrants</i>	<i>Post Share Consolidation</i>	
	<i>Number of Ordinary Shares</i>	<i>New Subscription Price</i>
Broker Warrants	160,000	£1.25
Promoter Warrants	2,400,000	£1.25
Cornerstone Investor Warrants	400,000	£1.25
Director Warrants	192,000	£1.25

For further details of the Warrants currently in issue, please see paragraph 3(c) of Part VII of this document.

Application will be made for the simultaneous cancellation of the Existing Ordinary Shares from CREST and admission of the New Ordinary Shares to CREST and their admission to trading on AIM. The New Ordinary Shares may thereafter be held and transferred by means of CREST. It is expected that New Ordinary Shares which are held in uncertificated form will be credited to the relevant CREST accounts on 19 February 2024 and admitted to trading on AIM on the same day.

Definitive share certificates in respect of those New Ordinary Shares which will be held by Shareholders who currently hold their Existing Ordinary Shares in certificated form are expected to be dispatched to relevant Shareholders on or around 26 February 2024. Share certificates in respect of Existing Ordinary Shares will cease to be valid on 19 February 2024 and, pending delivery of share certificates in respect of New Ordinary Shares, transfers will be certified against the register.

14. Admission, Settlement and Dealing

Application will be made for the New Ordinary Shares, the Subscription Shares, the Remuneration Shares and the CLN Shares to be admitted to trading on AIM. It is expected that the last day of trading on AIM of the Existing Ordinary Shares will be on 16 February 2024 and that Admission will become effective and dealings in the Enlarged Share Capital will commence on 19 February 2024.

The Ordinary Shares are eligible for CREST settlement and settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates are able to do so. CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations. For more information concerning CREST, Shareholders should contact their brokers or Euroclear at 33 Cannon Street, London EC4M 5SB, United Kingdom or by telephone on +44 (0)207 849 0000.

The new Ordinary Shares will have the ISIN number GB00BPD2041 and SEDOL BPD204. The Ordinary Shares will not be dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any other such exchange.

15. Relationship Agreement

Following the Subscription, upon Admission Shard will be a Substantial Shareholder, holding approximately 36.02 per cent. of the Ordinary Shares. The Company will therefore enter into a relationship agreement with Shard and Allenby Capital, governed by English law, conditional upon Admission occurring, which will regulate the relationship between Shard and the Company for so long as Shard, together with its "Associates" and any persons deemed to be acting in concert with it, hold at least 30 per cent. of the issued share capital of the Company.

The relationship agreement provides for the autonomous operation of the Company by the Directors and takes effect on Admission and pursuant to it, Shard undertakes, *inter alia*, that it will (and, in relation to its "Associates", will procure that each of its associates will): (i) conduct all transactions, agreements, relationships and arrangements with the Company on an arm's length basis and on normal commercial terms; (ii) ensure that no contract or arrangement between Shard and any member of the Enlarged Group is entered into or varied without the prior approval of a majority of independent Non-Executive Directors; and (iii) procure that the Enlarged Group will be managed for the benefit of Shareholders as a whole and independently of Shard and any member its group.

16. Dividend policy

The New Board believes that the Enlarged Group will continue to have the potential to be cash generative in the future and recognise the importance of dividend income to Shareholders. The Enlarged Group's current policy is to retain future distributable profits and only recommend dividends when appropriate and practicable. There can be no assurance as to the level of future dividends (if any) that may be paid by the Enlarged Group or, in light of the accrued losses of the Enlarged Group, of the ability to pay dividends. Any determination to pay dividends in the future will be a decision for the New Board (and will be subject to applicable laws and generally accepted accounting principles from time to time, and other factors the New Board deems relevant). The payment of a dividend may also require consent under the terms of the Enlarged Group's lending and grant agreements, and there is no guarantee that the relevant lenders or grant awarding body will give consent to the payment of a dividend.

The New Board may amend the dividend policy of the Enlarged Group from time to time and the above statement regarding the dividend policy should not be construed as any form of profit or dividend forecast.

17. Share Dealing Code

The Company has adopted a Share Dealing Code, which is compliant with Article 19 of UK MAR and Rule 21 of the AIM Rules for Companies. The Share Dealing Code will apply to any person discharging managerial responsibility, including the Directors, and the senior management and any closely associated persons and applicable employees. The Share Dealing Code imposes restrictions beyond those that are imposed by law (including by the FSMA, UK MAR and other relevant legislation) and its purpose is to ensure that persons discharging managerial responsibility and persons connected with them do not abuse, and do not place themselves under suspicion of abusing, price-sensitive information that they may have or be thought to have, especially in periods leading up to an announcement of both financial results. The Share Dealing Code sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities.

The Share Dealing Code will apply to the Enlarged Group.

18. Taxation

Information regarding taxation is set out in Part VI of this Admission Document. This information is intended only as a general guide to the current tax position in the UK. **Any investor who is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the UK, should consult his or her own independent professional adviser without delay.**

19. Corporate governance

In accordance with Rule 26 of the AIM Rules for Companies, the Company confirms that it has adopted the QCA Code. The New Board recognises the importance of sound corporate governance and aims to conduct business in an open, honest and ethical manner. As a result, the New Board confirms that from Admission, the Enlarged Group's website at www.Sorted.com will set out how the Enlarged Group complies with the QCA Code. This is set out in paragraph 10 of Part VII of this document.

As the Enlarged Group grows, the Directors intend that it should develop policies and procedures which further reflect the QCA Code, so far as it is practicable taking into account the size and nature of the Enlarged Group.

20. The Takeover Code

The terms of the proposed Subscription give rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford are given below.

Rule 9 of the Takeover Code

The Takeover Code applies to the Company. Under Rule 9 of the Code, any person who acquires an interest in shares which, taken together with shares in which that person or any person acting in concert with that person is interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Code is normally required to make an offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of the voting rights of the company, an offer will normally be required if such person or any person acting in concert with that person acquires a further interest in shares which increases the percentage of shares carrying voting rights in which that person is interested.

An offer under Rule 9 must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with such person, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Rule 9 Waiver

Under Note 5 of the Notes on the Dispensations from Rule 9, the Panel may waive the requirement for a general offer to be made in accordance with Rule 9 if, in the case of an issue of new securities, independent shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him or her and do not have any interest in the proposed transaction which may compromise their independence ("Independent Shareholder") and whom together hold shares carrying more than 50 per cent. of the voting rights of the Company which would be capable of being cast on a Rule 9 waiver resolution confirm in writing that they approve the proposed waiver and would vote in favour of any resolution to that effect at a general meeting (the "Rule 9 Waiver Resolution").

The Company has obtained such written confirmation and has obtained permission from the Takeover Panel to waive the requirement for a Rule 9 waiver resolution to be considered at a general meeting.

The waiver to which the Panel has agreed under the Code will be invalidated if any purchases are made by Shard Credit Partners Venture Debt Fund I LP, or any person acting in concert with it, in the period between the date of this document and the General Meeting. Shard Credit Partners Venture Debt Fund I LP, nor any

person acting in concert with it, has purchased Ordinary Shares in the 12 months preceding the date of this announcement.

On Admission (and assuming that no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the Enlarged Group), Shard Credit Partners Venture Debt Fund I LP will be interested in 2,752,140 Ordinary Shares, representing approximately 36.02 per cent. of the enlarged voting rights of the Enlarged Group. As Shard Credit Partners Venture Debt Fund I LP will be interested in shares carrying more than 30 per cent. of the voting rights of the Company but will not hold shares carrying more than 50 per cent. of the voting rights of the Company, any increase in its interest in shares will be subject to the provisions of Rule 9.

Shard Credit Partners Venture Debt Fund I LP will not be restricted from making an offer for the Company unless Shard Credit Partners Venture Debt Fund I LP either makes a statement that it does not intend to make an offer or enters into an agreement with the Company not to make an offer. No such statement has been made or agreement entered into as at the date of this announcement.

Form of Independent Shareholders' confirmation in writing

Shareholders representing 1,334,317,208 Existing Ordinary Shares (or 50.38 per cent. of Shareholders of the Company's existing share capital) provided their confirmation in writing to the Panel confirming that:

1. they are the beneficial owner of Existing Ordinary Shares and have absolute discretion over the manner in which those shares are voted and that those shares are held free of all liens, pledges, charges and encumbrances;
2. there is no connection between them and Shard Credit Partners Venture Debt Fund I LP;
3. they do not have any interest or potential interest, whether commercial, financial or personal, in the outcome of the Proposals;
4. they are an Independent Shareholder of the Company as defined above; and
5. in connection with the Proposals:
 - (a) they consent to the Panel granting a waiver from the obligation for Shard Credit Partners Venture Debt Fund I LP to make a Rule 9 Offer to the shareholders of the Company;
 - (b) subject to Independent Shareholders of the Company holding more than 50 per cent. of the shares capable of being voted on a Rule 9 Waiver Resolution to approve the waiver from the obligation for Shard Credit Partners Venture Debt Fund I LP to make a Rule 9 Offer giving confirmations in writing in a similar form, they consent to the Panel dispensing with the requirement that the waiver from such obligation be conditional on a Rule 9 Waiver Resolution being approved by Independent Shareholders of the Company at a general meeting; and
 - (c) they would vote in favour of a Rule 9 Waiver Resolution to waive the obligation for Shard Credit Partners Venture Debt Fund I LP to make a Rule 9 Offer were one to be put to the Independent Shareholders of the Company at a general meeting.

In giving the confirmations referred to above, each Independent Shareholder concerned acknowledges:

1. that, if the Panel receives such confirmations from Independent Shareholders of the Company holding more than 50 per cent. of the shares capable of being voted on a Rule 9 Waiver Resolution, the Panel will approve the waiver from the obligation for Shard Credit Partners Venture Debt Fund I LP to make a Rule 9 Offer without the requirement for the waiver having to be approved by Independent Shareholders of the Company at a general meeting; and
2. that if no general meeting is held to approve the Rule 9 Waiver Resolution to waive the obligation for Shard Credit Partners Venture Debt Fund I LP to make a Rule 9 Offer:
 - (a) there will not be an opportunity for any other person to make any alternative proposal to the Company conditional on such Rule 9 Waiver Resolution not being approved by Independent Shareholders of the Company;
 - (b) there will not be an opportunity for other shareholders in the Company to make known their views on the Proposals; and

- (c) there will be no requirement for the Company either (i) to obtain and make known to its shareholders competent independent advice under Rule 3 of the Takeover Code on the Proposals and the waiver of the obligation for Shard Credit Partners Venture Debt Fund I LP to make a Rule 9 Offer; or (ii) to publish a circular to shareholders of the Company in compliance with Appendix 1 of the Takeover Code in connection with this matter.

Each Independent Shareholder concerned has confirmed that they consider themselves to be a sophisticated investor in relation to equity investments and that they have had the opportunity to take independent financial advice before giving such confirmations.

Each Independent Shareholder concerned has confirmed that they will not sell, transfer, pledge, charge, or grant any option or other right over, or create any encumbrance over, or otherwise dispose of their Ordinary Shares until after the conclusion of the proposed general meeting to approve the Proposals.

Having obtained such written confirmation from Independent Shareholders, the Panel has accordingly waived the requirement for a Rule 9 Waiver Resolution.

The LS Concert Party

Persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate, to obtain or consolidate control of that company.

The Company undertook a placing and subscription to raise £3.5 million before expenses in May 2021 (announced by the Company on 4 May 2021). At that time, it was agreed with the Takeover Panel that the following persons who were participating, *inter alia*, in the placing were acting in concert in relation to the Company: Richard Hughes, Rebecca Hughes, Abigail Hughes, Mahmud Kamani, Samir Kamani, Umar Kamani, Adam Kamani, Petar Cvetkovic, Carol Kane, Daron Lee, John Lyttle, Shaun Mealey, Christian Stephenson and Simon Wilkinson (the “**LS Concert Party**”).

As at the date of this document, the LS Concert Party holds, in aggregate, 1,010,000,000 Existing Ordinary Shares, representing approximately 38.15 per cent. of the existing issued share capital of the Group. In addition, at the time of the placing and subscription May 2021, certain members of the LS Concert Party were granted, in aggregate:

- 1,500,000,000 Promoter Warrants to subscribe for the same number of Existing Ordinary Shares. The exercise price of the promoter warrants is 0.2p per Existing Ordinary Share and are capable of exercise at any time until 25 May 2026; and
- 30,000,000 Director Warrants to subscribe for the same number of Existing Ordinary Shares. The exercise price of the Director Warrants is 0.2p per Existing Ordinary Share and are capable of exercise at any time until 25 May 2026.

On Admission, the LS Concert Party will be interested in 1,684,571 Ordinary Shares representing approximately 22.05 per cent. of the enlarged voting rights of the Enlarged Group.

Assuming exercise in full of the Promoter Warrants and the Director Warrants by the members of the LS Concert Party (and assuming that no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the Enlarged Group), the members of the LS Concert Party would be interested in 4,132,571 Ordinary Shares, representing approximately 40.97 per cent. of the enlarged voting rights of the Enlarged Group.

The exercise by the members of the LS Concert Party of the Promoter Warrants and the Director Warrants would normally trigger an obligation for an offer to be made under Rule 9. However, the Panel has previously agreed to waive this obligation such that there will be no requirement for an offer to be made in respect of the exercise of the Promoter Warrants or the Director Warrants.

21. General Meeting

A notice convening a general meeting of the Company, to be held at 12.00 p.m. on 16 February 2024 at One Wood Street, London, EC2V 7WS, UK, is set out at the end of this document. At the General Meeting, the following resolutions will be proposed:

- **Resolution 1:** to approve the Acquisition;
- **Resolution 2:** to consolidate every 625 Existing Ordinary Shares into 1 New Ordinary Share;
- **Resolution 3:** to authorise the Directors to: (i) allot Ordinary Shares in connection with the Subscription; (ii) to allot the Remuneration Shares and the CLN Shares; and (iii) allot Ordinary Shares up to a maximum nominal value of £1,591,605.21;
- **Resolution 4:** to authorise the Directors to allot Ordinary Shares for cash otherwise than on a *pro rata* basis to shareholders: (i) in connection with the Subscription; and (ii) up to a maximum nominal value of £477,471.56; and
- **Resolution 5:** to change the name of the Company to 'Sorted Group Holdings plc'.

The resolutions in (1), (2) and (3) will be proposed as ordinary resolutions and the resolutions in (4) and (5) will be proposed as special resolutions. To be passed, the resolutions in (1), (2) and (3) require a majority of the votes cast at the General Meeting, in person or by proxy, and the resolutions referred to in (4) and (5) requires a majority of not less than 75 per cent. of the votes cast at the General Meeting, in person or by proxy. The resolutions are inter-conditional and so, if one of them is not passed at the General Meeting, none of them will be deemed to have been passed.

The Directors recommend that Shareholders vote in favour of the Resolutions, as the Directors intend to do, so that the Acquisition and Admission can proceed.

22. Further information

Your attention is drawn to Parts II to VII of this Admission Document, which provide additional information on the Enlarged Group and, in particular, to the Risk Factors set out in Part II of this Admission Document.

23. Recommendation and action to be taken by Shareholders

The Directors consider that the Resolutions to be proposed at the General Meeting of the Company are in the best interests of the Company and its Shareholders as a whole. The Directors unanimously recommend that Shareholders vote in favour of the Resolutions. All of the Directors intend to vote in favour of those Resolutions in respect of the 210,000,000 Existing Ordinary Shares beneficially owned by them as at the date of this Admission Document in aggregate representing approximately 8.50 per cent. of the Company's existing issued share capital.

A personalised Form of Proxy is enclosed for use by Existing Shareholders at the General Meeting. Whether or not Shareholders intend to be present at the General Meeting, they are requested to complete, sign and return the Form of Proxy to the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, United Kingdom as soon as possible but in any event so as to arrive by 12.00 p.m. on 14 February 2024. Alternatively, you may appoint your proxy electronically via the Registrar's website at www.investorcentre.co.uk/eproxy. You will need your Control Number, SRN and PIN which can be found on your personalised Form of Proxy enclosed. CREST members can also vote by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice. The completion and return of a Form of Proxy will not preclude a Shareholder from attending the GM and voting in person should he subsequently wish to do so.

Yours faithfully,

Simon Wilkinson

Non-Executive Chairman

PART II

RISK FACTORS

AN INVESTMENT IN ORDINARY SHARES IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. THE ATTENTION OF PROSPECTIVE INVESTORS IS DRAWN TO THE FACT THAT THE ENLARGED GROUP IS SUBJECT TO A VARIETY OF RISKS WHICH, IF ANY WERE TO OCCUR, COULD HAVE A MATERIALLY ADVERSE EFFECT ON THE ENLARGED GROUP'S BUSINESS AND/OR FINANCIAL CONDITION, RESULTS OR FUTURE OPERATIONS. IN SUCH CASE, THE MARKET PRICE OF THE ORDINARY SHARES COULD DECLINE AND INVESTORS MIGHT LOSE SOME OR ALL OF THEIR INVESTMENT.

In addition to the information set out in the rest of this document, the following risk factors in this Part II should be considered carefully in evaluating whether to make an investment in the Enlarged Group. The following factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Enlarged Group and they are not set out in any order of priority. Additionally, there may be risks not mentioned in this document of which the Directors are not aware or believe to be immaterial, but which may, in the future, adversely affect the Enlarged Group's business and the market price of the Ordinary Shares. In particular, the Enlarged Group's performance may be affected by changes in the market or economic conditions and by legal, regulatory and tax requirements.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Enlarged Group is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities in the UK or another appropriate financial adviser in the jurisdiction in which such investor is located.

1. RISKS RELATING TO THE ACQUISITION

Transaction risk.

The completion of the Acquisition, the Subscription and the re-admission of the Enlarged Share Capital to trading on AIM are conditional, amongst other matters, on the passing of the Resolutions by Shareholders. If Shareholders do not pass the Resolutions, the Acquisition, the issue of the Subscription Shares, the Remuneration Shares and the CLN Shares, and the re-admission of the Enlarged Share Capital to trading on AIM will not proceed and the Directors will need to consider alternative options for the Company. The Company will have expended significant funds in pursuing the Proposals and would therefore incur significant costs if the proposed Acquisition is aborted. There can be no guarantee that a suitable alternative to the Subscription could be obtained on similar commercial terms or on a timely basis or at all.

Potential loss of customers and/or carrier contracts.

A number of the contracts which Sorted has in place with its customers and with Carriers contain change of control provisions, which could be triggered by the Acquisition. If triggered, the change of control provisions could give rise to termination rights for the counterparty. Exercise of such termination rights by customers could, individually or in aggregate, lead to a significant reduction in revenues for the Enlarged Group which could negatively affect the Enlarged Group's business, results of operations and financial condition. Exercise of termination rights by Carriers could, individually or in aggregate, lead to the Enlarged Group's platforms being less attractive to customers or less competitive and could negatively affect the Enlarged Group's business, results of operations and financial condition.

Furthermore, Sorted does not have formal contracts in place with all of the Carriers available through its platforms meaning that those Carriers could choose to terminate their relationships with Sorted immediately and without notice. If Sorted experiences a significant loss of Carrier services, individually or in aggregate, this could negatively affect the attractiveness of the Enlarged Group's platforms and products to customers and competitiveness of the Enlarged Group's business, which could have a negative effect on its results of operations and financial condition.

Substantial Shareholder.

From Admission, the Enlarged Group will have a Substantial Shareholder, Shard, which will hold 36.02 per cent. of the Ordinary Shares following completion of the Acquisition, the Share Consolidation and the Subscription. The Enlarged Group and Allenby Capital will be party to a relationship agreement with Shard from Admission, as further described in paragraph 15 of Part I of this document. While the relationship agreement is intended to provide that the Company can operate independently of Shard, Shard may still be in a position to exert influence over the Company and there is no guarantee that Shard will comply with its obligations and the restrictions placed upon it under the relationship agreement, or that the Company will be able to enforce it effectively. As such, the Enlarged Group may be adversely affected by such interference or non-compliance.

2. RISKS FACTORS RELATING TO THE BUSINESS AND THE OPERATIONS OF THE ENLARGED GROUP

Undetected defects in the products provided by the Enlarged Group may cause the Enlarged Group to fail to meet its customers' performance requirements or otherwise satisfy contract specifications.

The Enlarged Group operates a 24 hours a day, seven days a week SaaS platform serving the ecommerce needs of retailers that rely upon the Enlarged Group's capability to deliver their delivery outcomes. Any deterioration and/or disruption in the quality, performance and/or stability of the Enlarged Group's Delivery Experience Platform, including the feature sets offered may adversely impact the Enlarged Group's existing customers experience, as well as adversely impacting the Enlarged Group's ability to retain existing customers and attract new customers.

Issues with the Enlarged Group's products may cause the Enlarged Group to lose customers and/or become liable to its customers for damages or require the Enlarged Group to provide concessions or renegotiate contracts with its customers. This may, *inter alia*, damage the Enlarged Group's reputation and financial condition. In the financial year ended 30 September 2022, the Sorted Group provided a material credit note to a key customer due to problems faced by the customer with the Ship platform and the Sorted Group also entered into a new agreement with this customer. Further problems with the platforms offered by the Sorted Group could inhibit its customers' ability to use the software, and therefore impact the Sorted Group's ability to recognise revenue.

The Enlarged Group endeavours to negotiate limitations on its liability in its customer contracts where possible, however, defects in its solutions could result in the loss of a customer, a reduction in business from any particular customer, negative publicity, reduced prospects and/or a distraction to the management team. A successful claim by a customer to recover such losses may have a material adverse effect on the Enlarged Group's reputation, business, prospects, results of operation and financial condition.

Funding, cash flow and borrowing risks.

The Sorted Group has historically been highly reliant on external debt finance to fund ongoing working capital requirements. As part of the Acquisition, the Company will assume approximately £4.7 million (including interest) of Sorted's outstanding debt. Similarly, the Company has entered into the Bidco 3 Facility Agreement, as further described in paragraph 12 of Part VII of this document. The use of borrowings presents the risk that should the Enlarged Group fail to generate sufficient positive cash flow, it could find itself unable to service interest payments and principal repayments or comply with other requirements of its loans, rendering borrowings immediately repayable in whole or in part, together with any attendant cost, and the Enlarged Group might be forced to sell its assets to meet such obligations, with the risk that borrowings will not be able to be refinanced or that the terms of such refinancing may be less favourable than the existing terms of borrowings. Such eventualities would have a material adverse effect on the Enlarged Group's business, results of operations and financial condition and in a worst case could potentially put the future of the Enlarged Group in doubt. Given the significant cash outflows of the Sorted Group to date, the Group's ability to fund payments related to the Group's borrowing arrangements will be dependent upon its future performance, which will be subject to prevailing economic conditions, technology risk, and financial, business, and other factors affecting its operations, which may be beyond the Enlarged Group's control.

The Enlarged Group's efforts to retain existing customers and acquire new customers may not be successful, which could prevent the Enlarged Group from maintaining or increasing its revenue.

If the Enlarged Group does not promote and sustain its brands and platforms through marketing and other tools, it may fail to retain existing customers or acquire the new customers required to maintain or increase the Enlarged Group's revenue.

Promoting and positioning the Enlarged Group's brands and platforms will depend largely on the success of the Enlarged Group's marketing efforts, its ability to attract consumers cost-effectively and its ability to consistently provide high-quality products and a frictionless user experience. In order to acquire and retain customers, Sorted has incurred and will continue to incur substantial expenses related to advertising and other marketing efforts. Sorted's investments in marketing may not attract new customers, potential customers may decide not to buy through Sorted's platforms and the spend of customers that purchase from Sorted may not yield the intended return on investment, any of which could negatively affect the Enlarged Group's business, results of operations and financial condition.

An important element of the Enlarged Group's customer acquisition strategy is providing a high-quality user experience and establishing a relationship of trust with its customers. If the Enlarged Group's customers are dissatisfied with the quality of the service they receive and their overall customer experience, the Enlarged Group's customers may stop purchasing products and services from the Enlarged Group's platforms. However, the Enlarged Group's ability to provide a high-quality user experience is also highly dependent on external factors over which the Company may have little or no control. The Enlarged Group's failure to provide its customers with high-quality products and services for any reason could substantially harm the Company's reputation and brand image, which could undermine new customer acquisition and customer retention and have a material adverse effect on the Enlarged Group's business, results of operations and financial condition.

Any economic downturn either globally or locally in any area in which the Enlarged Group operates may have an adverse effect on the demand for the Enlarged Group products and services.

A more prolonged economic downturn may lead to an overall decline in the volume of the Enlarged Group's sales, restricting the Enlarged Group's ability to realise a profit and negatively impact its financial position and prospects. The underlying markets in which the Enlarged Group offers its products and services are directly affected by many national and international factors that are beyond the Enlarged Group's control.

If the Enlarged Group fails to improve and enhance the functionality, performance, reliability, design, security and scalability of its platform in a manner that responds to its customers' evolving needs, the Enlarged Group's business may be adversely affected.

The Enlarged Group will be heavily reliant on its Delivery Experience Platform and the technology within. These technologies are, however, characterised by constant change and innovation, and the Enlarged Group expects them to continue to evolve rapidly. The Enlarged Group's ability to improve its business, results of operations and financial condition will depend in large part on the Enlarged Group's ability to continue to improve and enhance the functionality, performance, reliability, design, security and scalability of its technology platform.

The Enlarged Group may experience difficulties with software development that could delay or prevent the development, introduction or implementation of new solutions and enhancements to its technology platforms. Software development involves significant amounts of time and it may take the Enlarged Group's developers months to update, code and test new and upgraded solutions and integrate them into the Company's technology platforms. The Enlarged Group must also continually update, test and enhance its software and make sure that its technology platform operates effectively across multiple devices, operating systems and internet browsers. The continual improvement and enhancement of the Enlarged Group's technology platform requires significant investment. To the extent the Enlarged Group is not able to improve and enhance the functionality, performance, reliability, design, security and scalability of its technology platform in a manner that responds to its own or its merchants' evolving needs, the Enlarged Group's business, results of operations and financial condition will be adversely affected.

If the Enlarged Group is not able to generate traffic to its websites through search engines and social networking websites, its ability to attract new customers may be impaired.

Many of Sorted's customers locate Sorted's website through internet search engines, such as Google, and advertisements on social networking websites, such as Facebook, Instagram and YouTube. The prominence of the Enlarged Group's websites in response to internet searches also is a critical factor in attracting potential customers to the Enlarged Group's platforms. If the Enlarged Group's websites are listed less prominently or fail to appear in search results for any reason, visits to its website could decline significantly, and the Enlarged Group may not be able to replace this traffic. Search engines revise their algorithms from time to time in an attempt to optimise their search results. If search engines modify their algorithms, the Enlarged Group's websites may appear less prominently or not at all in search results, which could result in reduced traffic to the Enlarged Group's websites.

A deterioration in the Enlarged Group's brand or reputation could have a material adverse effect on the Enlarged Group.

Any failure to maintain a consistently high level of customer service, or a market perception that the Enlarged Group's brands or platforms do not maintain high-quality customer service, could adversely affect the reputations of the Enlarged Group's brands and platforms and the number of positive customer referrals that the Enlarged Group receives. The Enlarged Group may also lose existing customers which account for the vast majority of revenues across Sorted.

The Enlarged Group's customers may engage with the Enlarged Group and its brands online through its social media platforms, including but not limited to Facebook, Instagram and YouTube, by providing feedback and public commentary about all aspects of its business. Information concerning the Enlarged Group's brands and platforms, whether accurate or not, may be posted on social media platforms at any time and may have a disproportionately adverse impact on the Enlarged Group's brands and platforms, including their reputation. This could undermine the Enlarged Group's efforts to attract new customers, which may have a material adverse effect on the Enlarged Group's business, results of operations and financial condition.

The Enlarged Group will be reliant on a relatively small number of customers that provide a material proportion of its revenues.

A relatively small number of customers represent a significant proportion of the Sorted Group's revenues. In the financial year ended 30 September 2022, the top five customers in the Ship revenue stream accounted for over 50 per cent. of these revenues. In the financial year ended 30 September 2022, the top five customers in the Track revenue stream account for over 70 per cent. of this revenue.

Were a material number of customers to cease to use or reduce their use of the Enlarged Group's products then this could materially and adversely affect the Enlarged Group's business. If the Enlarged Group's commercial relationship with any of its key customers terminates for any reason, or if one of its key customers significantly reduces its business with the Enlarged Group and the Enlarged Group's is unable to enter into similar relationships with other customers on a timely basis, or at all, then the Enlarged Group's business, its results of operations and/or its financial condition could be materially adversely affected.

Risks associated with input VAT and Sorted Holdings Limited.

There is a risk that HMRC would take the view that Sorted Holdings Limited has no right or only a limited right to recover input VAT on certain costs incurred and that input VAT previously recovered by Sorted Holdings Limited is therefore repayable to HMRC. The Sorted Group has engaged tax advisers to review this position and this review currently indicates that the total amount that is be repayable to HMRC (including penalties and interest) is under £100,000. However, if HMRC ultimately determines that additional amounts are found to be repayable to HMRC by Sorted Holdings Limited (or any other member of the Enlarged Group) in relation to VAT-related matters (or other tax matters), then this may have a material adverse effect on the Enlarged Group's results of operations, and financial condition.

Third parties hold debt interests convertible into equity in the Target

As detailed in paragraph 11 (*Remuneration Shares and the CLN Shares*) of Part I of this document, following completion of the Acquisition Arete Investors 16 (Nominees) Limited and Chrysalis Investments Limited will continue to hold convertible debt interests in Sorted with an aggregate nominal value of £688,250. Whilst the Company does not believe these conversion rights will be exercised, there can be no guarantee and the right to convert will remain a decision for the CLN holders pursuant to their loan agreements. The aggregate number of shares the Remaining CLNs would convert into is expected to be 918 or approximately 0.6 per cent. of the share capital in the Target, however these numbers are determined pursuant to the underlying convertible loan agreements and cannot be guaranteed in advance. Whilst the Company is confident it will retain control of the Target whether or not the CLNs are exercised, it remains a risk that the Company's ownership of the Target could be diluted from 100 per cent. following completion of the Acquisition.

The Enlarged Group relies on Carrier contracts to service its customers' needs.

The Enlarged Group relies on its arrangements with Carriers to service the needs of its customers. Sorted does not currently have formal contracts in place with all of the carriers which are available through its platforms meaning that those Carriers could choose to terminate their relationships with Sorted immediately and without notice. If the Enlarged Group experiences a significant loss of Carrier services, individually or in aggregate, this could negatively affect the attractiveness and competitiveness of the Enlarged Group's business, which could have a negative effect upon its results of operations and financial condition.

Risks associated with contractors and off payroll working.

The Sorted Group has historically utilised a number of contractors, including for outsourced development work on the development of Sorted's Delivery Experience Platform. The Sorted Group has also historically utilised subcontractors for a number of functions within the Sorted Group.

The Enlarged Group may in future rely on relationships with key contractors for further development work. There is no guarantee that the Enlarged Group will be able to replace any material contractor or subcontractor in a timely manner or at all in the event that any of these relationships is discontinued or terminated. If the Enlarged Group is unable to negotiate favourable contracts with contractors or subcontractors, or if any of them is unable to fulfil its obligations, or discontinues business with the Enlarged Group, and if the Enlarged Group is unable to find suitable replacements, then the Enlarged Group's business and prospects may be adversely affected.

Additionally, a number of the Sorted Group's contractors provide their services through personal service companies. This may lead to the risk that payments to these contractors should have been processed through the Sorted Group's payroll. If self-employed contractors are determined to be employees, rather than contractors, the Enlarged Group would be liable for increased costs (such as National Insurance Contributions) in respect of such individuals, which could have an adverse effect on the financial condition of the Enlarged Group.

The Enlarged Group engages with third parties to create material IP and relies on intellectual property law to protect its intellectual property rights.

Some software used in the Enlarged Group's business has been created with input from third party service providers who are used from time to time to augment the Enlarged Group's internal software development team. If appropriate contractual protections are not put in place, or intellectual property assignments cannot be agreed with such third party service providers, it is possible that certain intellectual property in the Enlarged Group's software will not belong to the Enlarged Group. If the intellectual property is material or cannot cost effectively be replaced and the Enlarged Group is prevented from using such intellectual property, or can only do so subject to the terms of a licence agreement, this may have a material adverse effect on the Enlarged Group's business, results of operations and financial condition.

Any intellectual property may be prejudiced and/or open to challenge by third parties (including where such third parties have or claim to have pre-existing rights in such intellectual property). In any such case, the Enlarged Group may be prevented from using such intellectual property or it may require the Enlarged Group to become involved in litigation to protect its intellectual property rights, each of which may have a material

adverse effect on the Enlarged Group's business, prospects, results of operation and financial condition. Conversely, while the Directors believe the Enlarged Group has taken precautions, they cannot guarantee that any action or inaction by the Enlarged Group will not inadvertently infringe the intellectual property rights of others. Any infringement by the Enlarged Group of the intellectual property rights of others could have a material adverse effect on the Enlarged Group's reputation, business, prospects, results of operation and financial condition. Despite precautions which may be taken by the Enlarged Group to protect its intellectual property, other parties may attempt to copy or obtain and use the Enlarged Group's intellectual property. In this event it may be necessary for the Enlarged Group to engage in litigation to protect such rights which may be costly, and may involve a significant commitment of resources and management time.

The Enlarged Group relies on third parties over whom the Enlarged Group has limited control.

The Enlarged Group's Delivery Experience Platform is deeply integrated with other third-party systems. This includes, but is not limited to, warehouse management, customer relationship management and order management solutions. Furthermore, the Delivery Experience Platform is also integrated with hundreds of Carrier services to enable the delivery, tracking and return of consignments. Such third-party systems are outside of the Enlarged Group's control and/or ownership. As a result, the Enlarged Group's Delivery Experience Platform is exposed to the failure of any such third-party systems. The failure of third-party systems critical to the operation Enlarged Group's Delivery Experience Platform could have a material adverse effect on the Enlarged Group 's financial position, results of operation and business prospects.

The Enlarged Group may face significant competition in the delivery service experience industry and may be unsuccessful in maintaining its position in the market against future competitors.

The delivery experience industry continues to evolve with new market entrants and market consolidation occurring on an ongoing basis. Accordingly, the Enlarged Group operates in a highly competitive environment in terms of pricing, product design and service quality. The Enlarged Group's Delivery Experience Platform is susceptible to competition from global competitors and/or newly formed alliances who may be able to produce technical innovations with the support of much greater resources than the Enlarged Group.

Actions taken by such competitors and any response by the Enlarged Group, such as lowering prices or increasing expenditure, may have a material adverse effect on the Enlarged Group's business, results of operations and financial condition.

Cyber-attacks and information technology risks.

The Enlarged Group utilises information technology systems to conduct its own operations and as part of the control systems of the equipment it produces. Because of this, the Enlarged Group and its software and products are at risk from cyber-attacks. Cyber-attacks can result from deliberate attacks or unintentional events and may include (but are not limited to) malicious third parties gaining unauthorised access to the software used by the Enlarged Group or in the Enlarged Group's products for the purpose of misappropriating financial assets, intellectual property or sensitive information (such as customer data), corrupting data, or causing operational disruption.

Whilst the Enlarged Group has procedures in place to protect customer data, there is further risk associated with collecting, using and transferring personal data of customers and business partners or using data relating to employees and others. If the data were wrongfully appropriated, lost or disclosed, damaged or processed in breach of privacy or data protection laws, this could have serious risks for the Group from both a reputational and regulatory perspective and could result in fines or regulatory action, together with associated negative publicity.

Whilst the Directors consider that the Enlarged Group has taken appropriate steps to protect its systems and those used in its products, there can be no assurance that its efforts will prevent service interruptions or security breaches in its systems or its products or the unauthorised or inadvertent wrongful access or disclosure of confidential information of the Enlarged Group or its customers that could have an adverse impact on the Enlarged Group's business, prospects, operating results and financial condition or result in the loss, dissemination or misuse of critical or sensitive information. If the Enlarged Group or its products suffer from a cyber-attack, whether by a third party or insider, it may incur significant costs (including liability

for stolen assets or information) in repairing any damage caused to the Enlarged Group's network infrastructure and systems or by way of liabilities to its customers. The Enlarged Group may also suffer reputational damage and loss of investor confidence. If the Enlarged Group or its products suffer a cyber-attack, this could expose the Enlarged Group to potential financial and reputational harm.

If the Enlarged Group's software contains serious errors or defects, the Enlarged Group may lose revenue and market acceptance and may incur costs to defend or settle claims with its customers.

The Enlarged Group's software may contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when new software is introduced or when new versions or enhancements are released. Despite internal testing, the Enlarged Group's software may contain serious errors or defects, security vulnerabilities or bugs that the Enlarged Group may be unable to correct in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, a delay or loss in market acceptance and damage to the Enlarged Group's brand's reputation, any of which could have an adverse effect on the Enlarged Group's business, results of operations and financial condition.

There is a risk that parties with whom the Enlarged Group trades or has other business relationships (including partners, customers, suppliers, subcontractors and other parties) may become insolvent.

This may be as a result of general economic conditions or factors specific to that the Enlarged Group. In the event that a party with whom the Enlarged Group trades becomes insolvent or fail to fulfil their obligations to the Enlarged Group, this could materially and adversely affect the Enlarged Group's business, operating results, financial condition or prospects (in so far as the Enlarged Group is not insured).

The Enlarged Group is reliant upon its suppliers.

The Enlarged Group cannot guarantee that services and products delivered from third parties will remain of a high quality in the future and be provided without interruption. In the event of a major disruption to the timely supply of third-party products and services, alternative suppliers may only be available at higher prices or at the cost of some delay, which could negatively affect the Enlarged Group's operations, financial results and performance.

Material litigation or other substantial claims or arbitration or legal uncertainties could materially adversely affect the Enlarged Group.

The Enlarged Group is exposed to the risk of litigation from its customers, actual and potential partners, suppliers, employees (and former employees) and regulatory authorities for breach of legal, contractual or other duties. Exposure to, either, significant litigation or a substantial number of small claims may be expensive to defend and may result in diverting significant management time away from the Enlarged Group's operations. The Sorted Group has had number of employees that have been dismissed or made redundant in relatively recent periods and are within time to bring employment tribunal proceedings should they wish to bring a claim, such as unfair dismissal) and the same risk may apply in relation to future Sorted Group employee redundancies.

If the Enlarged Group is unsuccessful in defending against any litigation or claim and is required to pay significant damages or, otherwise, it is required to pay the cost of significant costs or penalties by regulators, this could have a significant adverse impact on the financial condition, business, prospects and results of the Enlarged Group's operations. In addition to the potential financial impact of litigation or regulatory claims, the Enlarged Group's reputation could be damaged by litigation or regulatory claims, even if the Enlarged Group is not found to be liable, and this could have a material adverse effect on the Enlarged Group's business and financial condition.

The Enlarged Group is exposed to risks associated with gathering and protecting highly sensitive customer and user information.

The Enlarged Group stores personally identifiable information, credit card information and other confidential information of the Enlarged Group's merchants and their customers. The Enlarged Group may experience

successful attempts by third parties to obtain unauthorised access to the personally identifiable information of the Enlarged Group's customers. This information could also be otherwise exposed through human error or malfeasance. The unauthorised access or compromise of this personally identifiable information could have an adverse effect on the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group must ensure ongoing compliance with various data protection laws, including the EU's General Data Protection Regulation (Regulation (EU) 2016/679) ("**GDPR**") and the UK's Data Protection Act 2018. The Enlarged Group is under an obligation to protect the private and personal data that it holds, including that of its employees. Any personal information that the Group holds in respect of its employees would be subject to the GDPR and other relevant laws. While the Directors believe that the Enlarged Group's policies and procedures in place in relation to highly sensitive customer and user information is robust, the Enlarged Group's failure to comply with applicable legislation regarding privacy and protection of data could lead to significant fines and penalties imposed by regulators, as well as claims by the Enlarged Group's customers. Such proceedings or violations could force the Enlarged Group to spend money in defence or settlement of such proceedings, result in the imposition of monetary liability, diversion of management's time and attention, increase the costs of doing business, and adversely affect the Enlarged Group's reputation and the demand for the Enlarged Group's SaaS solutions.

A failure by the Directors to execute the Enlarged Group's strategy, or to manage any associated growth, could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

The strategy of the Enlarged Group is to continue the diversification of its customer base by focussing on Corporate and Enterprise as well as SMB customer expansion. The Enlarged Group intends to achieve this through delivering against a clearly defined product strategy over the next several years. At the centre of the Enlarged Group's product strategy is the delivery of new key initiatives across the Delivery Experience Platform. This includes increased data monetisation, modular packaging and enhanced Carrier integration capabilities, further details of which are outlined in paragraph 6 of Part I of this document.

A failure by the Directors to execute the Enlarged Group's strategy, or to manage any associated growth, could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations. Similarly, the Directors' growth plans may place a significant strain on its management and operational, financial and personnel resources. The value of an investment in the Enlarged Group is dependent upon the Enlarged Group achieving the aims set out in this document.

The Enlarged Group depends on the ability to attract highly qualified personnel.

Attracting and retaining highly qualified management, software development, technical, sales, marketing and support personnel, is a critical component of the future success of the Enlarged Group's business as is the continued training of such individuals. Competition for such experienced people is high. If the Enlarged Group fails to attract, develop and retain suitable personnel it may be unable to provide new and existing customers with high quality service, resulting in a lack of confidence in the Enlarged Group and its solutions, which may have a material adverse effect on the Enlarged Group's reputation business, prospects, results of operation and financial condition.

The Enlarged Group may invest significant resources to develop new solutions that do not prove effective.

The Enlarged Group's future success depends on its ability to develop new solutions that appeal to customers. There is no guarantee that the Enlarged Group's solutions will appeal to new or existing customers or perform as intended. Costs spent on developing changes or additions to the Enlarged Group's solutions may not attract customers and therefore not be recouped. Failure for new products or services to appeal to customers or perform as intended therefore may have a material adverse effect on the Enlarged Group's reputation, business, prospects, results of operation and financial condition.

The Enlarged Group's current product offering may become outdated or obsolete as improvements in products and technology are made.

Products and technologies used within the Enlarged Group's current market place are constantly evolving and improving. Any failure of the Enlarged Group to ensure that its products and other technology remain up to date with the latest technology may have a material adverse effect on the Enlarged Group's business, prospects, results of operation and financial condition. The Enlarged Group's success will depend, in part, on its ability to develop and adapt to any technological changes and industry trends. To mitigate this risk the Enlarged Group's research and development function seeks to keep up with the latest developments in the industry.

Unfavourable contract terms.

The Enlarged Group has a number of contractual relationships which include warranties and indemnities, provided in some cases on an uncapped basis. Whilst these warranties and indemnities are limited in scope and application, they are not, in all cases, limited to the contracting party – they are, in certain cases, extended to third parties. Such warranties and indemnities create an inherent risk that any liability on the Enlarged Group's part liability for any breach could be material, given the uncapped basis. A successful material claim under such warranties or indemnities may have a material adverse effect on the Enlarged Group's results of operation and financial condition.

The past performance of the Enlarged Group is not a guide to future performance of the Enlarged Group and no representation is made or warranty given regarding future performance of the Enlarged Group.

The Enlarged Group's historical financial performance provides no indication of the Enlarged Group's future performance. As a result, comparisons of results may not be meaningful.

Overall growth of the Enlarged Group's revenue will depend on several factors, including but not limited to the Enlarged Group's ability to: expand subscriptions; attract new customers, keep pace with technological developments, provide customers with the support that meets their needs; increase awareness of the Enlarged Group's brand; and successfully compete with other companies.

There can be no certainty that the Enlarged Group's insurance cover is adequate to protect it against every eventuality.

Insurance procured by the Enlarged Group has limitations on liability and may not be sufficient to protect the Enlarged Group against the full extent of such liabilities to which it is exposed. In addition, in certain circumstances, the Enlarged Group may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. In addition, there is a risk that relevant insurance policies are not adequately renewed. The payment of any such uninsured liabilities would reduce the funds available to the Enlarged Group. There are certain types of losses, generally of a catastrophic nature, such as those caused by earthquakes, floods, hurricanes, terrorism or acts of war that may be uninsurable or, for example in the case of terrorism, are not economically insurable. The occurrence of a significant event that the Enlarged Group is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Enlarged Group's financial position, results of operations or prospects.

Overseas operations

While the Enlarged Group currently does not have direct overseas operations (noting that the Enlarged Group has re-seller agreements in place with certain Carriers in the US), the identification of potential growth opportunities in other territories may be required to strengthen the business through geographic diversification to mitigate the effects that significant in-country developments could have on the Enlarged Group's operations and business. Accordingly, the Enlarged Group may look to extend operations into other countries as part of its growth strategy. These jurisdictions will have different regulatory, fiscal, and legal environments that could change in the future and could impact how the Enlarged Group conducts its business in these countries. If the Enlarged Group fails to comply with the laws and regulations applicable to its overseas operations, it could be subject to reputational and legal risks, including government

enforcement action and/or fines. Such risks, if realised, could have a material adverse effect on the Enlarged Group's profits and financial condition.

The Enlarged Group's revenue may not grow at the same pace as its costs or at all, and its revenue growth rate may decline.

Notwithstanding the Enlarged Group leveraging longer term contracts to secure its Corporate and Enterprise customers, the Enlarged Group's revenue may decline due to, amongst other reasons, ecommerce customer volumes being lower than forecasted, price churn on subscription renewals due to market and/or internal trading performance pressures impacting the ecommerce customer or contract churn. Sorted has been impacted by the aforementioned factors on occasion over the past several years as macro-economic conditions have hit the ecommerce sector, particularly in certain segments such as fast fashion.

In addition, retaining a high calibre talent pool continues to be costly as wages continue to rise and become increasingly more competitive in key roles to the Enlarged Group, such as software engineering, resulting in increased pressure on the Enlarged Group to pay competitive rates, and therefore can affect the profitability of the Enlarged Group.

The Enlarged Group may make acquisitions and investments, which could divert management's attention, result in operating difficulties and otherwise disrupt the Enlarged Group's operations and adversely affect its business, results of operations and financial condition, and such acquisitions and investments may result in dilution to the Enlarged Group's shareholders.

While the Enlarged Group does not have active acquisition and/or merger strategy at present, it may look at strategic acquisition opportunities in the future to drive growth and improve the Enlarged Group's competitive market position. Such acquisitions demand management time and investment and will require the integration of new operations into the Enlarged Group's business. The Enlarged Group's ability to realise the expected benefits from potential future acquisitions will depend, in large part, upon its ability to integrate new operations with existing operations in a timely and effective manner and to manage an increasingly large business. The anticipated benefits from any acquisition may not be achieved, including because of a loss of customers or personnel of the target, other difficulties in supporting and transitioning a target's customers, the inability to realise anticipated synergies from an acquisition, or negative corporate cultural effects arising from the integration of new personnel, which could affect the financial performance of the Enlarged Group.

Risk management procedures.

Although the Directors believe that the Enlarged Group's risk management procedures are adequate, the methods used to manage risk may not identify or anticipate current or future risks or the extent of future exposures, which could be significantly greater than historical measures indicate. Risk management methods depend on the evaluation of information regarding markets or other matters that are publicly available or otherwise accessible to the Enlarged Group. Failure (or the perception that the Enlarged Group has failed) to develop, implement and monitor the Enlarged Group's risk management policies and procedures and, when necessary, pre-emptively upgrade them could give rise to reputational and trading issues which may have a material adverse effect on the Enlarged Group's business, prospects, results of operation and financial condition.

Changes in accounting standards, rules and regulations may have a significant impact on the reported financial results of the Enlarged Group.

It is impossible to specify or ascertain the effect of such changes or new standards, which is dependent on the financial position of the Enlarged Group at the time. Moreover, in connection with financial reporting under new or amended accounting standards, the Enlarged Group will make its own accounting judgements and elections in the future, which cannot be determined at this time.

Taxation.

Any change in the Enlarged Group's tax status or in taxation legislation (including treaties, legislation, regulations and case law) or its interpretation, application or enforcement of such laws by courts, tribunals or tax authorities, in each case in any jurisdiction in which the Enlarged Group operates, could affect the Enlarged Group's financial conditions and results and its ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Enlarged Group and its investors are based upon current tax law and practice which is subject to change. Any change in legislation and in particular tax status or tax residence of the Enlarged Group or in tax legislation may have an adverse effect on the returns available on an investment in the Enlarged Group. Sorted has historically been eligible for tax relief for qualifying research and development expenditure in the United Kingdom. It is anticipated that each Enlarged Group entity will, where available, continue to claim such relief. However, the tax laws and regulations in the United Kingdom (including treaties, legislation, regulations and case law), or the interpretation, application or enforcement of such laws by courts, tribunals or tax authorities, may be subject to change (in each case possibly with retroactive effect). As a result, the Enlarged Group may not, or may not in the future, be eligible for research and development tax relief in the United Kingdom, which may have a material adverse effect on the Enlarged Group's results of operations, and financial condition.

Legislation and compliance.

This document has been prepared on the basis of current legislation, rules and practice and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. There can be no assurance that future legislation, rules and practice will not adversely affect the Enlarged Group's business, prospects, results of operations or financial condition. The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and the Enlarged Group's business. Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which European Union-derived laws and regulations to replicate or diverge from, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws and employment laws, could decrease foreign direct investment in the United Kingdom, increase costs, depress economic activity and restrict the Enlarged Group's access to capital.

3. GENERAL RISKS

General economic climate.

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and commodity prices and stock market prices. The Enlarged Group's operations, business and profitability can be affected by these factors, which are beyond the control of the Group.

Economic, political, judicial, administrative, taxation, environmental or other regulatory matters.

In addition to the impact of a downturn of the world's economies, the Enlarged Group may be adversely affected by other changes in economic, environmental, political, judicial, administrative, taxation or other regulatory or other unforeseen matters. The nature of the Enlarged Group's operations exposes it to the risk of liabilities or claims with respect to environmental, regulatory and worker health and safety matters. If the Enlarged Group violates or fails to comply with (or its predecessors in title violated or failed to comply with) environmental laws, regulations and permits, it could be subject to penalties, fines, restrictions on operations or other sanctions, and the Enlarged Group's operations or business could be interrupted or suspended.

Operations and financial results have been impacted by the COVID-19 pandemic and the outbreak of other contagious diseases, may have a material adverse effect on the Enlarged Group business, financial performance and results.

The Enlarged Group is exposed to substantial risks associated with the performance of the global economy as demand for products and services within those sectors is directly related to the strength of the global

economy. Therefore, the Group's income and results of operations have been influenced, and will continue to be influenced by, the general state and performance of the global economy.

Beyond this, the Enlarged Group may also be adversely affected by the outbreak of any other contagious diseases, which may result in a widespread health crisis that could affect the economies and financial markets of many countries, resulting in an economic downturn and substantial declines in consumer purchasing power that could affect demand for the Enlarged Group's products and services, limit its ability to collect against existing trade receivables and reduce its operating results.

Further adverse impacts that the Enlarged Group may experience due to the COVID-19 pandemic or the outbreak of a contagious disease in the future include:

- infections and quarantining of employees in areas in which the Enlarged Group operates;
- lower productivity and increased costs related to the introduction of social distancing or other control measures at production sites;
- additional costs for personal protection equipment for staff;
- difficulties in the ability to satisfy the Enlarged Group's contractual obligations to its customers in a timely manner;
- cancellations, delays or lower call-offs from customers due to lower demand, government imposed restrictions or other reasons;
- customers, service providers or suppliers experiencing financial distress, filing for bankruptcy protection or insolvency, going out of business or experiencing disruptions to their operations;
- higher freight and logistics costs and delays due to border controls; and
- the need to introduce measures to reduce costs and capital expenditure, including reductions in work force, short time labour and implementation of a hiring or salary freeze.

Any of these factors could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

Reliance on professional advisers.

The Directors and the members of the Enlarged Group have relied upon advice from various professional advisers, including legal, accounting, public relations and tax advisers, engaged by members of the Enlarged Group in relation to the preparation of this document. Such professional advisers' liability is subject to limitations. Accordingly, in the event any such advice proves to have been incorrect, any amounts recoverable from the relevant adviser(s) may not be sufficient to cover all the Enlarged Group's resulting losses. This could have a material adverse effect on the Enlarged Group's business and operations, financial condition and prospects and the market price of the Ordinary Shares may be affected.

Risk of crime and corruption.

The Enlarged Group is subject to anti-corruption and anti-bribery legislation and regulations, including the UK Bribery Act and other laws and regulations that prohibit companies and their intermediaries from making improper payments or offers of payments to foreign governments and their officials and political parties, or others for the purpose of obtaining or retaining business and other benefits.

By doing business in certain jurisdiction, the Enlarged Group could face, directly or indirectly, corrupt demands by officials, militant groups or private entities. Consequently, the Enlarged Group faces the risk that one or more of its employees, agents, intermediaries, contractors, or consultants may make or receive unauthorised payments given that such persons may not always be subject to its control. In addition, it is possible that the Enlarged Group could be held liable for successor liability for FCPA violations committed by companies in which it has invested or acquired or may invest or acquire. Although the Enlarged Group has policies and procedures designed to ensure that the Enlarged Group itself, employees, agents, intermediaries, contractors and consultants comply with the UK Bribery Act and all applicable anti-corruption legislation, there is no assurance that such policies or procedures will work effectively all of the time or protect the Enlarged Group against liability under any such legislation for actions taken by its agents, employees, intermediaries, contractors, and consultants with respect to its business.

If the Enlarged Group is not in compliance with the UK Bribery Act or other laws governing the conduct of business with international entities (including local laws), the Enlarged Group or its Directors may be subject to criminal and civil penalties and other remedial measures. Furthermore, any remediation measures taken in response to potential or alleged violations of the UK Bribery Act or other anti-corruption or anti-bribery laws, including any necessary changes or enhancements to the Enlarged Group procedures, policies and controls and potential personnel changes and/or disciplinary actions, may result in increased compliance costs.

Any such findings, or any alleged or actual involvement in corrupt practices or other illegal activities by the Enlarged Group or anyone with whom it conducts business could damage its reputation and its ability to do business, including by affecting its rights and title to assets or by the loss of key personnel, and together with any increased compliance costs, could adversely affect its business, operations, financial performance and cash flows and future prospects.

Estimates in financial statements.

Preparation of consolidated financial statements requires the Enlarged Group to use estimates and assumptions. Accounting for estimates requires the Enlarged Group to use its judgment to determine the amount to be recorded on its financial statements in connection with these estimates. The Enlarged Group's accounting policies require certain estimates and assumptions as to future events and circumstances to be made. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. If the estimates and assumptions are inaccurate, the Enlarged Group could be required to write down the value of certain assets. On an ongoing basis, the Enlarged Group re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

Current exchange rate and inflation.

The Enlarged Group operates in the United Kingdom as well as the United States and it has exposure to currency risk on purchases, sales, cash and cash equivalents that are denominated in currencies other than the pounds sterling, which is the currency of most of its receivables and the currency of most of the cash balances that it maintains. The currency giving rise to this is principally the US Dollar. Certain of the Enlarged Group's costs, including some of its labour and employee costs, are also incurred in US dollars. Exchange rates between the US Dollar, and the sterling have fluctuated significantly in the past and may do so in the future. Consequently, development, production, administration and other costs may be higher (or lower) in sterling terms than anticipated by the Enlarged Group. In addition, the financial accounts of the Enlarged Group are denominated in sterling, which therefore give further exposure to currency exchange fluctuations and may impact the financial results as being reported to its Shareholders.

The Enlarged Group does not engage in active speculative hedging to minimise exchange rate risk.

4. RISKS RELATING TO THE ENLARGED GROUP'S SECURITIES

General.

An investment in Ordinary Shares is only suitable for investors capable of evaluating the risks (including the risk of capital loss) and merits of such investment and who have sufficient resources to sustain a total loss of their investment. An investment in Ordinary Shares should be seen as long-term in nature and complementary to investments in a range of other financial assets as part of a diversified investment portfolio. Accordingly, typical investors in the Enlarged Group are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from their professional advisers regarding investment in Ordinary Shares and/or who have sufficient experience to enable them to evaluate the risks and merits of such investment themselves.

Share price volatility and liquidity.

Following Admission, the market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including stock market fluctuations and general economic conditions or changes in political sentiment that may substantially affect the market price of the Ordinary Shares irrespective of the Enlarged Group's actual financial, trading or operational performance. These factors could include the performance of the Enlarged Group, large purchases or sales of the Ordinary Shares (or the perception that

the same may occur, as, for example in the period leading up to the expiration of the restrictions contained in the Lock-in Agreements and Orderly Market Agreements), legislative changes and market, economic, political or regulatory conditions.

The share price for publicly traded companies, including those on AIM, can be highly volatile and shareholdings illiquid. Admission to AIM should not be taken as implying that a liquid market for the Ordinary Shares will either develop or be sustained following Admission. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. If a liquid trading market for the Ordinary Shares does not develop, the price of the Ordinary Share may become more volatile, and it may be more difficult to complete a buy or sell order for such Ordinary Shares.

The price at which the Ordinary Shares will be quoted and the price which investors may realise for their shares will be influenced by a large number of factors, which could include, but not limited to, the performance of both the Enlarged Group and its competitors' businesses, variations in the operating results of the Enlarged Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, large purchases or sales of Ordinary Shares, legislative changes and general economic, political and regulatory conditions. Prospective investors should be aware that the value of an investment in the Enlarged Group may go down as well as up. Investors may therefore realise less than, or lose all of, their investment.

The market price of the Ordinary Shares may not reflect the underlying value of the Enlarged Group. Potential investors should be aware that the value of shares and the income from them (if any) can go down as well as up and that investment in a share which is traded on AIM might be less realisable and might carry a higher risk than a share quoted on the Official List.

Investment in AIM traded securities.

The Ordinary Shares will be traded on AIM rather than admitted to the Official List. The AIM market is designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The rules of AIM are less demanding than those admitted to the Official List and an investment in shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in shares traded on AIM may have limited liquidity, making it more difficult for an investor to realise its investment on AIM than to realise an investment in a company whose shares are admitted to the Official List. Investors should, therefore, be aware that the market price of the Ordinary Shares may be more volatile than that of shares admitted to the Official List and may not reflect the underlying value of the net assets of the Enlarged Group. Investors may, therefore, not be able to sell at a price which permits them to recover their original investment and could lose their entire investment.

There is no guarantee that the Enlarged Group will maintain its admission to AIM.

The Enlarged Group cannot assure investors that the Enlarged Group will always retain admission to AIM. If it fails to retain this, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Enlarged Group decides to obtain a listing on another exchange in addition to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

Dilution of Shareholders' interest as a result of additional equity fundraisings.

Although the Enlarged Group's current business plan does not involve the issuance of Ordinary Shares other than in connection with the Subscription, it is possible that the Directors and the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Issue Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest and the proportionate voting interest of Shareholders if, and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares under a pre-emptive offer. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

Dividends.

The Enlarged Group's current policy is to retain future distributable profits and only recommend dividends when appropriate and practicable. There can be no assurance as to the level of future dividends (if any) that may be paid by the Enlarged Group or, in light of the accrued losses of the Enlarged Group, of the ability to pay dividends. Any determination to pay dividends in the future will be a decision for the New Board (and will be subject to applicable laws and generally accepted accounting principles from time to time, and other factors the New Board deems relevant). The payment of a dividend may also require consent under the terms of the Enlarged Group's lending and grant agreements, and there is no guarantee that the relevant lenders or grant awarding body will give consent to the payment of a dividend.

It should be noted that the risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Company or the Enlarged Group is, or may be, exposed to or all those associated with an investment in the Enlarged Group. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware, which may also have an adverse effect upon the Enlarged Group.

PART III

HISTORICAL FINANCIAL INFORMATION ON LOCATION SCIENCES GROUP PLC

The audited annual reports and accounts for Location Sciences Group Plc for the financial years ending 31 December 2022, 2021 and 2020 as well as the unaudited interim financial results for the six months ended 30 June 2023 are incorporated by reference under the exemption set out in Rule 28 of the AIM Rules for Companies. These annual reports and accounts are available online at the Company's website: www.locationsciencesgroup.ai.

PART IV

HISTORICAL FINANCIAL INFORMATION ON SORTED HOLDINGS LIMITED

SECTION A: ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SORTED HOLDINGS LIMITED

PKF Littlejohn LLP



Accountants &
business advisers

The Directors
Location Sciences Group Plc
First Floor
St James House
St James Square
Cheltenham
Gloucestershire
GL50 3PR

The Directors
Allenby Capital Limited
5 St. Helen's Place
London
EC3A 6AB

29 January 2024

Dear Directors

Accountants report on the Historic Financial Information of Sorted Holdings Limited and its subsidiaries ("Sorted")

We report on the Historical Financial Information of Sorted Holdings Limited ("Sorted") set out in Section B of Part IV, which comprises the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cashflows, and the related notes, for the two years ended 30 September 2022 and 30 September 2021, and the 16-month period ended 30 September 2020 ("Historical Financial Information").

Opinion on the historical financial information

In our opinion, the Historical Financial Information gives, for the purpose of the Admission Document of the Company dated 30 January 2024, a true and fair view of the state of affairs of Sorted and its subsidiaries as at 30 September 2022, 2021 and 2020 and of its losses, cash flows and changes in equity for the periods then ended in accordance with UK-adopted international accounting standards.

Responsibilities

The Directors of the Company are responsible for preparing the Historical Financial Information in accordance with UK-adopted international accounting standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent provided, and save for any responsibility that we have expressly agreed in

writing to assume, to the fullest extent permitted by law we do not assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of preparation

The Historical Financial Information has been prepared for inclusion in the Admission Document of the Company dated 30 January 2024 on the basis of the accounting policies set out in note 2 to the Historical Financial Information. The report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Financial Reporting Council ("FRC") in the United Kingdom. We are independent of Sorted in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Conclusions Relation to Going Concern

We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the Historical Financial Information about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Historical Financial Information and the Directors' identification of any material uncertainties to Sorted's ability to continue as a going concern over a period of at least twelve months from the date of this Admission Document.

We have nothing material to add or to draw attention to.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and we declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PKF Littlejohn LLP
Reporting Accountant

SECTION B: HISTORICAL FINANCIAL INFORMATION OF SORTED HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<i>For the 16 months ended 30 September 2020</i>	<i>For the year ended 30 September 2021</i>	<i>For the year ended 30 September 2022</i>
<i>Continued operations</i>	<i>Note</i>	<i>£</i>	<i>£</i>	<i>£</i>
Revenue	6	5,267,755	4,458,603	6,117,176
Cost of sales	7	<u>(1,597,766)</u>	<u>(736,946)</u>	<u>(2,078,583)</u>
Profit/(loss) from operations		<u>3,669,989</u>	<u>3,721,657</u>	<u>4,038,593</u>
Administrative expenses	8	(12,219,364)	(14,066,030)	(32,167,515)
Finance costs	10	<u>(418,219)</u>	<u>(3,865,330)</u>	<u>(449,422)</u>
Profit/(loss) before tax		<u>(8,967,594)</u>	<u>(14,209,703)</u>	<u>(28,578,344)</u>
Tax credit	11	<u>1,985,097</u>	<u>2,106,424</u>	<u>–</u>
Loss for the year		<u>(6,982,497)</u>	<u>(12,103,279)</u>	<u>(28,578,344)</u>
Loss attributable to:				
Owners of the Sorted Group		<u>(6,982,497)</u>	<u>(12,103,279)</u>	<u>(28,578,344)</u>
Loss for the year		<u>(6,982,497)</u>	<u>(12,103,279)</u>	<u>(28,578,344)</u>
Other comprehensive income:				
Items that will or may be reclassified to profit or loss:				
Other Comprehensive income		<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income		<u>(6,982,497)</u>	<u>(12,103,279)</u>	<u>(28,578,344)</u>
Total comprehensive income attributable to:				
Owners of the Sorted Group		<u>(6,982,497)</u>	<u>(12,103,279)</u>	<u>(28,578,344)</u>
Total comprehensive income for the year		<u><u>(6,982,497)</u></u>	<u><u>(12,103,279)</u></u>	<u><u>(28,578,344)</u></u>

The accompanying notes form part of the Historic Financial Information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2020	As at 30 September 2021	As at 30 September 2022
	Note	£	£	£
Non-current assets				
Property, plant and equipment	12	258,625	75,367	73,791
Intangible assets	13	6,951,347	10,467,944	7,192,653
Right of use asset	14	2,545,998	2,372,811	254,473
Goodwill	15	–	–	199,910
		<u>9,755,970</u>	<u>12,916,122</u>	<u>7,720,827</u>
Current assets				
Trade and other receivables	16	3,046,621	3,397,326	1,359,300
Cash and cash equivalents	17	3,327,783	3,437,703	7,059,643
		<u>6,374,404</u>	<u>6,835,029</u>	<u>8,418,943</u>
Total assets		<u>16,130,374</u>	<u>19,751,151</u>	<u>16,139,770</u>
Current liabilities				
Trade and other payables	20	3,565,325	5,091,456	3,429,687
Lease liability	22	225,423	366,049	259,067
Borrowings		–	–	500,000
		<u>3,790,748</u>	<u>5,457,505</u>	<u>4,188,754</u>
Non-current liabilities				
Borrowings	21	500,000	14,783,614	2,805,000
Lease liability	22	2,419,989	2,186,454	4,926
		<u>2,919,989</u>	<u>16,970,068</u>	<u>2,809,926</u>
Total liabilities		<u>6,710,737</u>	<u>22,427,573</u>	<u>6,998,680</u>
Net assets		<u>9,419,637</u>	<u>(2,676,422)</u>	<u>9,141,090</u>
Equity attributable to owners of the Sorted Group				
Share capital	18	987	998	1,536
Share premium	18	34,066,213	34,073,422	71,067,711
Share based payment reserve	19	–	–	508,579
Other reserves	23	–	–	2,892,450
Retained earnings		<u>(24,647,563)</u>	<u>(36,750,842)</u>	<u>(65,329,186)</u>
Total equity attributable to owners of the Sorted Group		<u>9,419,637</u>	<u>(2,676,422)</u>	<u>9,141,090</u>
Total equity		<u>9,419,637</u>	<u>(2,676,422)</u>	<u>9,146,090</u>

The accompanying notes form part of the Historic Financial Information.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	<i>Share capital</i> £	<i>Share premium</i> £	<i>Retained earnings</i> £	<i>Total</i> £
Balance as at 31 May 2019	720	20,560,285	(17,665,066)	2,895,939
Profit/(loss) for the period	–	–	(6,982,497)	(6,982,497)
Total comprehensive income for the year	–	–	(6,982,497)	(6,982,497)
Contributions by and distributions to owners				
Issue of share capital	267	13,505,928	–	13,506,195
Total contributions by and distributions to owners	267	13,505,928	–	13,506,195
Balance as at 30 September 2020	987	34,066,213	(24,647,563)	9,419,637
	<i>Share capital</i> £	<i>Share premium</i> £	<i>Retained earnings</i> £	<i>Total</i> £
Balance as at 1 October 2020	987	34,066,213	(24,647,563)	9,419,637
Profit/(loss) for the year	–	–	(12,103,279)	(12,103,279)
Total comprehensive income for the year	–	–	(12,103,279)	(12,103,279)
Contributions by and distributions to owners				
Issue of share capital	11	7,209	–	7,220
Total contributions by and distributions to owners	11	7,209	–	7,220
Balance as at 30 September 2021	998	34,073,422	(36,750,842)	(2,676,422)

	<i>Share capital</i> £	<i>Share premium</i> £	<i>Share based payments</i> £	<i>Other reserves</i> £	<i>Retained earnings</i> £	<i>Total</i> £
Balance as at 1 October 2021	998	34,073,422	–	–	(36,750,842)	(2,676,422)
Profit/(loss) for the year	–	–	–	–	(28,578,344)	(28,578,344)
Total comprehensive income for the year	–	–	–	–	(28,578,344)	(28,578,344)
Contributions by and distributions to owners						
Issue of share capital	538	36,994,289	–	–	–	36,994,827
Issue of share options	–	–	508,579	–	–	508,579
Settlement of liability through issuing shares at a discount – discounted portion	–	–	–	2,892,450	–	2,892,450
Total contributions by and distributions to owners	538	36,994,289	508,579	2,892,450	–	40,395,856
Balance as at 30 September 2022	1,536	71,067,711	508,579	2,892,450	(65,329,186)	9,141,090

CONSOLIDATED CASH FLOW STATEMENT

		<i>For the 16 months ended 30 September 2020</i>	<i>For the year ended 30 September 2021</i>	<i>For the year ended 30 September 2022</i>
	Note	£	£	£
Cash flows from operating activities				
Profit/(loss)		(6,982,497)	(12,103,279)	(28,578,344)
<i>Adjustments for:</i>				
Depreciation and amortisation		3,664,698	4,116,879	5,070,085
Impairment		–	–	14,540,726
Share based payment expense		–	–	508,579
(Increase)/Decrease in trade and other receivables		(584,421)	(33,117)	44,722
Taxation credit		(1,985,097)	(2,106,424)	–
R&D receivable		1,104,122	1,788,839	2,127,546
Increase/(Decrease) in trade and other payables		735,690	691,224	(1,273,290)
Loss/(profit) on disposal of assets		21,464	(1,000)	(177,114)
Interest receivable and similar income		(6,212)	(1,927)	(14,811)
Interest payable and similar charges		424,106	3,867,257	465,233
Net cash flows from operating activities		<u>(3,608,147)</u>	<u>(3,781,548)</u>	<u>(7,286,667)</u>
Investing activities				
Purchase of property, plant and equipment	12	(81,000)	(48,801)	(52,280)
Purchase of intangible assets	13	(4,600,000)	(7,163,533)	(6,975,598)
Sale of tangible fixed assets		1,149	–	–
Sale of subsidiary		150	–	–
Purchase of subsidiary	26	–	–	(5,985,747)
Net cash used in investing activities		<u>(4,679,701)</u>	<u>(7,212,184)</u>	<u>(13,013,625)</u>
Financing activities				
Proceeds from share issue		11,006,198	7,219	21,693,780
Share issuance cost		–	–	(261,111)
Consideration received in advance of shares		1,250,000	11,569,999	–
Lease payments	22	(461,066)	(473,906)	(303,419)
Repayment of GMCA loan	21	(656,250)	–	–
Loan received	21	–	–	2,805,000
Interest received		5,969	1,939	14,811
Interest paid		(50,220)	(1,599)	(26,829)
Net cash generated from financing activities		<u>11,094,631</u>	<u>11,103,652</u>	<u>23,922,232</u>
Net increase/(decrease) in cash and cash equivalents				
Cash and cash equivalents at beginning of year	17	2,807,783	109,920	3,621,940
		<u>521,000</u>	<u>3,327,783</u>	<u>3,437,703</u>
Cash and cash equivalents and end of year	17	<u><u>3,327,783</u></u>	<u><u>3,437,703</u></u>	<u><u>7,059,643</u></u>

Major non-cash transactions

On 29 November 2021, Sorted Holdings Limited acquired 100 per cent. of the share capital of Clicksit App Limited. The purchase consideration included £3,000,000 share consideration (see note 27).

On 26 November 2022, the Future fund convertible loan and accrued interest was converted in entirety into equity, see note 23.

The accompanying notes form part of the Historic Financial Information.

NOTES TO THE FINANCIAL INFORMATION

1. General Information

The principal activity of Sorted Holdings Limited ('SHL') and its subsidiaries (together the 'Sorted Group') is the provision of a Software as a Service (SaaS) delivery platform that powers dynamic checkouts, delivery management and delivery tracking around the world. SHL is incorporated and domiciled in the United Kingdom. SHL was incorporated on 15 July 2013.

The address of SHL's registered office is Level Six, 111 Piccadilly, Manchester, England, M1 2HY.

2. Accounting policies

The principal accounting policies applied in the preparation of the Historic Financial Information are set out below (Accounting Policies or Policies). These Policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 *Basis of preparing the Financial Information*

The Historic Financial Information has been prepared in accordance with UK-adopted International Accounting Standards (UK-IAS) as adopted by the United Kingdom. The Historic Financial Information has also been prepared under the historical cost convention, except as modified for assets and liabilities recognised at fair value under business combinations.

The Historic Financial Information is presented in Pounds Sterling rounded to the nearest pound.

The preparation of Historic Financial Information in conformity with IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Sorted Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historic Financial Information are disclosed in Note 4.

The Historic Financial Information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

2.2 *Basis of consolidation*

The Consolidated Historic Financial Information consolidates the Historic Financial Information of SHL and the accounts of all of its subsidiary undertakings for all years presented.

Subsidiaries are entities over which the Sorted Group has control. The Sorted Group controls an entity when the Sorted Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Sorted Group. They are deconsolidated from the date that control ceases.

Any contingent consideration to be transferred by the Sorted Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Where considered appropriate, adjustments are made to the Historic Financial Information of subsidiaries to bring the accounting policies used into line with those used by other members of the Sorted Group. All intercompany transactions and balances between Sorted Group entities are eliminated on consolidation.

Changes in accounting policy and disclosures

- a) New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

<i>Standard</i>	<i>Impact on initial application</i>	<i>Effective date</i>
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current	*1 January 2024
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
IAS 8 (Amendments)	Definition of accounting estimates	1 January 2023
IAS 12 (Amendments)	Income taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 1 (Amendments)	Non-current liabilities with Covenants	1 January 2024
IAS 7 (Amendments)	Supplier finance arrangements	1 January 2024

* Subject to endorsement

The Sorted Group is evaluating the impact of the new and amended standards above which are not expected to have a material impact on future Sorted Group Financial Statements.

2.3 **Going concern**

The Directors consider that adequate resources exist for the Sorted Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the Historical Financial Information.

2.4 **Foreign currencies**

Items included in the Historic Financial Information are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Historic Financial Information is presented in Pounds Sterling, rounded to the nearest pound, which is the Sorted Group's functional currency.

2.5 **Intangible assets**

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Sorted Group's interest in the fair value of the identifiable assets and liabilities of subsidiary entities at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Sorted Group's cash generating units expected to benefit from synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the amount of goodwill is included in the determination of the profit or loss on disposal.

Development assets

Development expenditure is capitalised as an intangible asset. Development activities involve planned investment in designing, testing and enhancing products. Development expenditure is only capitalised if the costs can be measured reliably and the products being developed will be completed and will generate future economic benefits in the form of cashflows to the Sorted Group. Expenditure being capitalised includes costs in relation to licenses.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment costs. All intangible assets are amortised on a straight line basis and are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives are as follows:

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

2.6 **Property, plant and equipment**

Property, plant and equipment is stated at cost, less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Sorted Group and the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

Computer and Office equipment	33%
Leasehold improvements	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. If an impairment review is conducted following an indicator of impairment, assets which are not able to be assessed for impairment individually are assessed in combination with other assets within a cash generating unit.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other net gains/(losses)' in the Income Statement.

2.7 **Financial assets**

Classification

The Sorted Group's financial assets consist of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Sorted Group's loans and receivables comprise trade and other receivables and cash and cash equivalents at the year-end.

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss in accordance with IFRS 9.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Sorted Group's business model for managing them. The Sorted Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Sorted Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Sorted Group and SHL. The Sorted Group and SHL measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Sorted Group's financial assets at amortised cost include trade receivables (not subject to provisional pricing) and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Sorted Group and SHL has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Sorted Group and SHL has transferred substantially all the risks and rewards of the asset, or (b) the Sorted Group and SHL has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Sorted Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Sorted Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Sorted Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Sorted Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows

from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Sorted Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Sorted Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Sorted Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Sorted Group may also consider a financial asset to be in default when internal or external information indicates that the Sorted Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Sorted Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Sorted Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, intangible assets not ready to use, and goodwill, are not subject to amortisation and are tested annually for impairment. Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and are subject to an insignificant risk of changes in value. The Sorted Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.11 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of Sorted Holdings Limited, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the period.

No diluted earnings per share has been presented as Sorted Holdings limited is loss making and as a result, any additional equity instruments have the effect of being anti-dilutive.

2.12 Share based payments

The Group operates a number of equity-settled, share-based schemes, under which the Group receives services from employees or third party suppliers as consideration for equity instruments (options and warrants) of the Group. The fair value of the third party suppliers' services received in

exchange for the grant of the options is recognised as an expense in the Income Statement or charged to equity depending on the nature of the service provided. The value of the employee services received is expensed in the Income Statement and its value is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

The fair value of the share options and warrants are determined using the Black Scholes valuation model.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Group issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

2.13 **Reserves**

Share Premium – the reserve for shares issued above the nominal value. This also includes the cost of share issues that occurred during the year.

Other reserves – the reserves for fair value adjustments arising on the revaluation of certain financial assets. See note 23 for further details.

Share based payment reserve – the reserve for share options awarded by the group.

Retained Earnings – the retained earnings reserve includes all current and prior periods retained profit and losses.

2.14 **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

2.15 **Leases**

The Group leases certain property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid. Lease payments generally include fixed payments less any lease incentives receivable. The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of new assessments of contractual options and residual value guarantees.

The right-of-use asset is recognised at the present value of the liability at the commencement date of the lease less any incentives received from the lessor. Added to the right-of-use asset are initial direct costs, payments made before the commencement date, and estimated restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in lease liabilities, split between current and non-current depending on when the liabilities are due. The interest element of the finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets obtained under finance leases are depreciated over their useful lives. The lease liabilities are shown in Note 23.

Exemptions are applied for short life leases and low value assets, with payment made under operating leases charged to the Consolidated Statement of Comprehensive Income on a straight-line basis of the period of the lease.

2.16 **Borrowings**

Bank and other borrowings

Interest-bearing bank loans and overdrafts and other loans are recognised initially at fair value less attributable transaction costs. All borrowings are subsequently stated at amortised cost with the difference between initial net proceeds and redemption value recognised in the Income Statement over the period to redemption on an effective interest basis.

2.17 **Taxation**

Current taxes are based on the results shown in the Historical Financial Information and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

The current income tax charge is calculated based on the tax laws in the countries where the Sorted Group operates.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Tax provisions are accounted for on the basis of amounts expected to be paid at a later period to the tax authorities.

Deferred tax is recognised for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets (including those arising from investments in subsidiaries), are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be used.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply to the period when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are not discounted.

Research & Development tax credits are recognised on an accruals basis.

2.18 **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods or services supplied in course of ordinary business, stated net of discounts, returns and value added taxes. Under IFRS 15 there is a five-step approach to revenue recognition which is adopted across all revenue streams. The process is:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Fees are recognised once the work is completed and provided to the client.

The Sorted Group has three types of revenue streams being Shipping and Tracking services and Return labels services.

1. Shipping services
Fees are recognised as the agreed work is conducted.
2. Tracking services
Fees are recognised as the agreed work is conducted.
3. Returns label services
Fees are recognised as the agreed work is conducted.

For the Shipping and Tracking services detailed above, revenue is recognised and invoiced in accordance with milestones agreed within each contract with the customer, which can vary on a case-by-case basis. In all scenarios, the revenue is recognised in accordance with the provision of the agreed services provided or, where the quantum and timing of the services can be difficult to predict, rateable over the period of the agreement. Depending on the client, invoices can be monthly, quarterly or ad-hoc. Invoices can be adjusted in situations where the agreed scope of work is exceeded or additional work is applied. Subscription and support fee invoices are recognised over the period of the contract from the commencement date. For the Returns label services, revenue is recognised based on the volume of labels processed through the system or based on a fixed periodic price.

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

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

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

The transaction price is stated clearly in each contract e.g. £10,000 per month for Ship subscriptions/support and billed monthly for the duration of the contract.

Implementation fees are deferred and released to revenue when the obligations have been met per our discussions with the Tech department. E.g. carrier integration to existing Ship account.

2.19 **Operating segments**

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating officer, who is deemed to be the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria:

- Its reported revenue, from both external customers and intersegment sales or transfers, is 10 per cent. or more of the combined revenue, internal and external, of all operating segments, or the absolute measure of its reported profit or loss is 10 per cent. or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss, or its assets are 10 per cent. or more of the combined assets of all operating segments.
- Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principles of the standard, the segments have similar economic characteristics and are similar in various prescribed respects.
- If the total external revenue reported by operating segments constitutes less than 75 per cent. of the entity's revenue, additional operating segments must be identified as reportable segments (even if they do not meet the quantitative thresholds set out above) until at least 75 per cent. of the entity's revenue is included in reportable segments.

2.20 **Cost of Sales**

Cost of sales comprises direct costs relating to services sold such as hosting costs, customers support staff salaries, sales commissions, customer credit notes/ claims and courier costs.

2.21 **Employee benefits**

The Sorted Group provides pension contributions, private medical insurance and death in service schemes to all employees. Income protection and dental insurance schemes are also provided to executive employees. Contributions payable under each scheme are charged to the income statement in the period to which they relate.

2.22 **Business combinations**

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

3. Financial risk management

3.1 Financial risk factors

The Sorted Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Sorted Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Sorted Group's financial performance.

a) Market Risk

The Sorted Group is exposed to market risk, primarily relating to interest rate. The Sorted Group has not sensitised the figures for fluctuations in interest rates as the Directors are of the opinion that these fluctuations would not have a significant impact on the Historic Financial Information at the present time. The Directors will continue to assess the effect of movements in market risks on the Sorted Group's financial operations and initiate suitable risk management measures where necessary.

b) Credit Risk

Credit risk arises from cash and cash equivalents as well as exposure to customers including outstanding receivables. To manage this risk, the Sorted Group periodically assesses the financial reliability of customers and counterparties.

No credit limits were exceeded during the period, and management does not expect any losses from non-performance by these counterparties.

The Sorted Group's cash holdings are held with HSBC UK business account which has an A+ credit rating.

c) Liquidity Risk

The Sorted Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital or debt as mentioned in the going concern note. The Directors are reasonably confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

3.2 Capital risk management

The Sorted Group's objectives when managing capital are to safeguard the Sorted Group's ability to continue as a going concern, in order to enable the Sorted Group to continue its investment activities, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Sorted Group may adjust the issue of shares or sell assets to reduce debts.

The Sorted Group defines capital based on the total equity of the Sorted Group. The Sorted Group monitors its level of cash resources available against future planned operational activities and the Sorted Group may issue new shares in order to raise further funds from time to time.

4. Critical accounting estimates

The preparation of the Historic Financial Information in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of

contingent assets and liabilities at the date of the Historic Financial Information and the reported amount of expenses during the year.

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 circumstances.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

Details of the carrying value of goodwill at the year end and the impairment review assessment are given in Note 14.

Impairment of intangible assets

The Sorted Group follows the guidance of IAS 36 to determine when impairment indicators exist for its intangible assets. When impairment indicators exist, the Sorted Group is required to make a formal estimate of the recoverable amount of its intangible assets. This determination requires significant judgement. In making this judgement, management evaluates external and internal factors, such as significant adverse changes in the technological market, economic or legal environment in which the Sorted Group operates as well as the results of its ongoing development programs.

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets (including goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

The group identified two relevant CGUs – 1) Shipping; and 2) Returns. The Returns CGU includes all the activities of Clicksit, whilst the Shipping CGU includes all the remaining activities. The identification of the CGUs is based on the fact that, before the acquisition of Clicksit, the group provided shipping and tracking related services in an integrated fashion. The Clicksit acquisition enabled the group to also provide returns services. As at the year-end, these two broad services remain independent of one another. Prior the Clicksit acquisition, the Shipping CGU was the only CGU, which also encompassed all the activities of the group.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. If the cash-generating unit contains goodwill, the impairment loss is allocated first to reduce the carrying amount of the allocated goodwill and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Share based payments

The Company may grant stock options to acquire common shares of the Company to Directors, Officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognised over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified,

they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Warrants

The Company holds a warrant instrument. The fair value of warrant options is measured on the date of grant, using the Black-Scholes option pricing model. Consideration paid for the warrants is credited to share based payment reserve.

Capitalised development costs

Development costs incurred in building the Sorted Group's key platform for future expansion have been capitalised in accordance with the requirements of IAS 38. The majority of these costs consist of salary expenses to which an estimated proportion of development time has been applied. Salary expenses are capitalised because the work done is expected to lead to future economic benefits for the Sorted Group.

Going Concern

These financial statements have been prepared on the going concern basis. This approach is based on management's judgement that cashflow requirements for the continued development can be achieved through operating activities and additional fundraising if required.

5. Operating Segments

Management consider that the Sorted Group has four operating segments Shipping, Tracking, Returns and Myparceldelivery.com. All revenue is derived from the UK.

	<i>For the 16 months ended 30 September 2020 £</i>	<i>For the year ended 30 September 2021 £</i>	<i>For the year ended 30 September 2022 £</i>
Shipping	4,146,132	3,974,525	3,868,573
Tracking	177,702	484,078	1,397,425
Returns	–	–	851,178
Myparceldelivery.com	943,921	–	–
Total Revenue	<u><u>5,267,755</u></u>	<u><u>4,458,603</u></u>	<u><u>6,117,176</u></u>

As a result of the application of UK-IAS for the purposes of this Historical Financial Information, data regarding the total profit and loss per segment is not readily available and the cost to develop this would be excessive.

6. Revenue

	<i>For the 16 months ended 30 September 2020 £</i>	<i>For the year ended 30 September 2021 £</i>	<i>For the year ended 30 September 2022 £</i>
Subscription and support revenue recognised monthly	2,505,631	3,430,651	3,969,938
Implementation and other revenue recognised over time	2,762,124	1,027,952	2,147,238
Total Revenue	<u><u>5,267,755</u></u>	<u><u>4,458,603</u></u>	<u><u>6,117,176</u></u>

For the Shipping and Tracking services, revenue is recognised and invoiced in accordance with milestones agreed within each contract with the customer, which can vary on a case-by-case basis. In all scenarios, the revenue is recognised in accordance with the provision of the agreed services provided or, where the quantum and timing of the services can be difficult to predict, rateable over the period of the agreement. Depending on the client, invoices can be monthly, quarterly or ad-hoc. Invoices can be adjusted in situations where the agreed scope of work is exceeded or additional work is applied. Subscription and support fee invoices are recognised over the period of the contract from the commencement date. For the Returns label services, revenue is recognised based on the volume of labels processed through the system or based on a fixed periodic price.

7. Cost of Sales

	<i>For the 16 months ended 30 September 2020 £</i>	<i>For the year ended 30 September 2021 £</i>	<i>For the year ended 30 September 2022 £</i>
Staff salaries and commission	441,068	415,380	688,827
Hosting and Infrastructure	259,753	284,340	675,651
Courier Costs	655,067	–	681,241
Other costs of sale	241,878	37,226	32,864
Total Cost of sales	<u>1,597,766</u>	<u>736,946</u>	<u>2,078,583</u>

8. Administrative expenses

	<i>For the 16 months ended 30 September 2020 £</i>	<i>For the year ended 30 September 2021 £</i>	<i>For the year ended 30 September 2022 £</i>
Staff salaries and commission	5,723,709	5,928,416	6,980,226
Outsourced Development Costs	104,423	807,865	607,654
Subcontractor costs	228,417	278,950	944,601
Amortisation and depreciation	3,664,698	4,116,879	5,070,085
Impairment	–	–	14,540,726
Hosting	283,842	234,863	396,895
Recruitment Fees	84,628	127,895	327,341
Rent & Rates	330,432	494,195	(12,788)
Computer Software	286,949	193,669	609,622
Marketing events	380,171	352,014	954,946
Travel and expenses	121,429	42,898	203,708
Legal & Professional fees	64,630	820,842	44,363
Audit & Accountancy	96,245	123,857	306,796
Redundancy payments	–	18,524	379,255
Gain/Loss on disposal	–	–	(177,114)
Other costs	849,791	525,163	991,199
Total Administrative expenses	<u>12,219,364</u>	<u>14,066,030</u>	<u>32,167,515</u>

9. Employees and Directors

	<i>For the 16 months ended 30 September 2020 £</i>	<i>For the year ended 30 September 2021 £</i>	<i>For the year ended 30 September 2022 £</i>
Staff salaries and commission	7,340,743	7,037,314	7,888,181
Social security costs	824,390	805,233	981,902
Pension costs	306,238	276,411	302,101
Less salaries capitalised	<u>(2,306,594)</u>	<u>(1,775,162)</u>	<u>(1,428,526)</u>
Total	<u><u>6,164,777</u></u>	<u><u>6,343,796</u></u>	<u><u>7,743,658</u></u>

The average number of employees, including directors during the year was 2020: 93, 2021: 105, 2022: 105.

Share options – Employees and Directors

	<i>For the 16 months ended 30 September 2020 £</i>	<i>For the year ended 30 September 2021 £</i>	<i>For the year ended 30 September 2022 £</i>
ESOP	–	–	206,738
Total	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>206,738</u></u>

Directors' remuneration

	<i>For the 16 months ended 30 September 2020 £</i>	<i>For the year ended 30 September 2021 £</i>	<i>For the year ended 30 September 2022 £</i>
Executive Directors			
Wages	355,007	565,750	764,913
Social security	45,578	71,098	124,470
Pension costs	15,779	18,250	22,510
Total	<u><u>416,364</u></u>	<u><u>655,098</u></u>	<u><u>911,893</u></u>

10. Net Finance costs

	<i>For the 16 months ended 30 September 2020 £</i>	<i>For the year ended 30 September 2021 £</i>	<i>For the year ended 30 September 2022 £</i>
Bank interest paid	–	896	16,982
Bank interest received	(3,811)	–	–
Loan interest	165,734	914,707	220,318
Other charges	256,296	2,949,727	212,122
Total	<u>418,219</u>	<u>3,865,330</u>	<u>449,422</u>

The balance under other charges in FY 2021 relates to the increase in the fair value of the convertible loan note.

11. Taxation

	<i>For the 16 months ended 30 September 2020 £</i>	<i>For the year ended 30 September 2021 £</i>	<i>For the year ended 30 September 2022 £</i>
Current taxation	–	–	–
Deferred taxation	–	–	–
Total tax charge for the year	<u>–</u>	<u>–</u>	<u>–</u>

During the year ended 30 September 2022, SHL carried out activities that meet the definition of research and development ('R&D') as outlined in the Business, Energy and Industrial Strategy guidelines ('BEIS'). A proportion of SHL's activities have been identified as qualifying R&D in accordance with the BEIS Guidelines because it comprises activities aimed at developing new or appreciably improved technology through the resolution of technological uncertainties. SHL carries out R&D activities in the field of software development. Details of the claim is shown in the table below.

SHL has filed R&D claims for previous accounting periods in respect of developing new or appreciably improved technology through the resolution of technological uncertainties. Details of the claims for 2021 and 2020 are shown in the table below.

	<i>For the 16 months ended 30 September 2020 £</i>	<i>For the year ended 30 September 2021 £</i>	<i>For the year ended 30 September 2022 £</i>
Research & Development tax claim	1,985,097	2,106,424	–
	<u>1,985,097</u>	<u>2,106,424</u>	<u>–</u>

The total tax charge for the year can be reconciled to the loss for the year multiplied by the weighted average applicable tax rate as follows:

	<i>For the 16 months ended 30 September 2020 £</i>	<i>For the year ended 30 September 2021 £</i>	<i>For the year ended 30 September 2022 £</i>
Loss for the year	(8,967,594)	(14,209,703)	(28,578,344)
Tax using UK Corporation Tax of 19%	(1,703,843)	(2,699,844)	(5,429,885)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(1,696,230)	(2,693,331)	3,023,583
Capital allowances for year in excess of depreciation	20,000	14,603	(5,037)
Income not taxable for tax purposes	–	–	4,527
Other permanent differences	–	1	(25,673)
Adjustments in research and development tax credit leading to an increase/(decrease) in the tax charge	(770,000)	(905,503)	–
Other differences leading to an increase/(decrease) in the tax charge	(195,000)	–	–
Deferred tax not recognised	2,568,843	4,168,912	2,432,485
Remeasurement of deferred tax for changes in tax rates	(24,000)	–	–
Adjustments in respect of prior periods	(184,867)	8,738	–
Total tax charge for the year	<u>(1,985,097)</u>	<u>(2,106,424)</u>	<u>–</u>

The weighted average applicable tax rate of 19 per cent. used the standard rate of corporation tax in the UK. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax will increase to 25 per cent. The increase in the main corporation tax rate from 19 per cent. to 25 per cent., effective 1 April 2023, was substantively enacted in May 2021.

SHL and the Sorted Group has tax losses carried forward as at 30 September 2022 of £37,073,569 which has been carried forward. No deferred tax asset has been recognised in respect of these losses due to uncertainty over future taxable profits.

12. Property Plant and Equipment

	<i>Leasehold property £</i>	<i>Fixtures & fittings £</i>	<i>Computer equipment £</i>	<i>Total £</i>
Cost				
As at 1 June 2019	64,465	502,545	170,087	737,097
Additions	–	–	81,142	81,142
Disposals	–	–	(1,399)	(1,399)
As at 30 September 2020	64,465	502,545	249,830	816,840
As at 1 October 2020	64,465	502,545	249,830	816,840
Additions	–	–	48,801	48,801
Disposals	–	–	(633)	(633)
As at 31 September 2021	64,465	502,545	297,998	865,008
As at 1 October 2021	64,465	502,545	297,998	865,008
Additions	–	–	52,280	52,280
As at 31 September 2022	64,465	502,545	350,278	917,288
Depreciation				
As at 1 June 2019	12,535	250,448	86,952	349,935
Charge for the year	5,372	125,636	77,895	208,903
On disposal	–	–	(623)	(623)
As at 30 September 2020	17,907	376,084	164,224	558,215
As at 1 October 2020	17,907	376,084	164,224	558,215
Charge for the year	46,558	126,461	58,407	231,426
As at 31 September 2021	64,465	502,545	222,631	789,641
As at 1 October 2021	64,465	502,545	222,631	789,641
Charge for the year	–	–	53,856	53,856
As at 31 September 2022	64,465	502,545	276,487	843,497
Net book value				
As at 30 September 2020	46,558	126,461	85,606	258,625
As at 30 September 2021	–	–	75,367	75,367
As at 30 September 2022	–	–	73,791	73,791

13. Intangible assets

	<i>Development Costs £</i>	<i>Domain name £</i>	<i>Software Costs £</i>	<i>Website development £</i>	<i>Total £</i>
Cost					
As at 1 June 2019	8,423,745	160,000	9,800	13,621	8,607,166
Additions	4,580,496	–	–	20,125	4,600,621
As at 30 September 2020	13,004,241	160,000	9,800	33,746	13,207,787
As at 1 October 2020	13,004,241	160,000	9,800	33,746	13,207,787
Additions	7,141,534	–	1,470	22,000	7,165,004
As at 31 September 2021	20,145,775	160,000	11,270	55,746	20,372,791
As at 1 October 2021	20,145,775	160,000	11,270	55,746	20,372,791
Additions	6,935,498	–	40,100	–	6,975,598
Acquisition of Clicksit	–	–	174,915	–	174,915
As at 31 September 2022	27,081,273	160,000	226,285	55,746	27,523,304
Depreciation					
As at 1 June 2019	3,070,314	28,021	1,906	1,498	3,101,739
Charge for the year	3,113,832	21,515	4,356	14,998	3,154,701
As at 30 September 2020	6,184,146	49,536	6,262	16,496	6,256,440
As at 1 October 2020	6,184,146	49,536	6,262	16,496	6,256,440
Charge for the year	3,612,686	16,072	3,512	16,137	3,648,407
As at 31 September 2021	9,796,832	65,608	9,774	32,633	9,904,847
As at 1 October 2021	9,796,832	65,608	9,774	32,633	9,904,847
Charge for the year	4,711,946	16,080	7,740	13,334	4,749,100
Impairment	5,676,704	–	–	–	5,676,704
As at 31 September 2022	20,185,482	81,688	17,514	45,967	20,330,651
Net book value					
As at 30 September 2020	6,820,095	110,464	3,538	17,250	6,951,347
As at 30 September 2021	10,348,943	94,392	1,496	23,113	10,467,944
As at 30 September 2022	6,895,791	78,312	208,771	9,779	7,192,653

Development costs are predominantly capitalised staff costs associated with the development of the shipping and tracking software being produced by Sorted Holdings Limited.

An impairment review of the Sorted Group's development costs are carried out on an annual basis. It is not possible to determine the recoverable amount of a single asset, and so the asset is grouped with other assets in a cash generating unit (CGU). The impairment assessment is then performed on this CGU. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of other assets.

SHL has two business units that generate cash inflows – 1) shipping and tracking related services (Shipping); and 2) returns services (Returns). SHL also separately tracks the performance of these two business units. Management is therefore of the view that these two business units also represent the two CGUs of SHL.

The key assumptions for both value in use calculations are those regarding growth rates particularly in respect of the growth in revenue and discount rates. The discount rate is reviewed annually to take into

account the current market assessment of the time value of money and the risks specific to the cash generating units and rates used by comparable companies. The discount rate used to calculate the value in use is 20 per cent. The long term growth rate used for the terminal value calculation was 2 per cent. The cashflow forecast covered a 4 year period.

The recoverable amount of the Shipping CGU has been calculated as £6,895,791. The impairment loss is therefore calculated as the difference between this and the carrying value, resulting in an impairment in profit or loss of £5,676,704.

14. Right of use Assets

	<i>Office premise and other office assets</i>	<i>Total</i>
	£	£
Cost		
As at 1 June 2019	2,915,150	2,915,150
Additions	–	–
As at 30 September 2020	2,915,150	2,915,150
As at 1 October 2020	2,915,150	2,915,150
Additions	143,659	143,659
As at 31 September 2021	3,058,809	3,058,809
As at 1 October 2021	3,058,809	3,058,809
Additions	359,490	359,490
Disposals	(2,206,758)	(2,206,758)
As at 31 September 2022	1,211,541	1,211,541
Depreciation		
As at 1 June 2019	64,278	64,278
Charge for the year	304,875	304,875
As at 30 September 2020	369,152	369,152
As at 1 October 2020	369,152	369,152
Charge for the year	316,846	316,846
As at 31 September 2021	685,998	685,998
As at 1 October 2021	685,998	685,998
Charge for the year	271,070	271,070
As at 31 September 2022	957,068	957,068
Net book value		
As at 30 September 2020	2,545,997	2,545,997
As at 30 September 2021	2,372,811	2,372,811
As at 30 September 2022	254,473	254,473

Right of Use Assets represent leasehold premises from which the SHL operates and other office equipment such as printers and a coffee machine. The company car lease has also been included in the above table.

The disposal in 2022 relates to the termination of the Bruntwood Union building lease and the coffee machine lease.

15. Goodwill

	£
As at 30 September 2021	–
Purchase consideration	9,031,304
Clicksit App Limited net liability	207,928
Delivery experience platform intangible Impairment	(175,300)
	<u>(8,864,022)</u>
As at 30 September 2022	<u>199,910</u>

On the 29 November 2021, Sorted Holdings Limited acquired 100 per cent. of the share capital of Clicksit App Limited. This acquisition gave SHL an additional product (Returns) which is now part of the Sorted Delivery Experience Platform (DEP).

The goodwill is not subject to amortisation but is assessed annually for impairment. The assessment is carried out by allocating the goodwill to cash generating units (“CGU’s”), which are based on revenue streams. The CGU’s are then assessed for impairment using a variety of methods including those specified in IAS 36.

The goodwill of £9,063,932 arose from the acquisition of Clicksit, and at this date it was determined that the only CGU that will gain substantial benefit from the goodwill is the Returns CGU and therefore has been included here.

Goodwill is recognised when a business combination does not generate cash flows independently of other assets or groups of assets. As a result, the recoverable amount, being the value in use, is determined at a cash-generating unit (CGU) level. These CGUs represent the smallest identifiable group of assets that generate cash flows. The CGUs are deemed to be the assets within the operating units. Each CGU to which goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The key assumptions for the value in use calculations are those regarding growth rates particularly in respect of the growth in revenue and discount rates. The discount rate is reviewed annually to take into account the current market assessment of the time value of money and the risks specific to the cash generating units and rates used by comparable companies. The discount rate used to calculate the value in use is 20 per cent. The long term growth rate used for the terminal value calculation was 2 per cent.

Value in use calculations and the recoverable amount of the Returns CGU indicate a value of £199,910 resulting in an impairment of £8,864,022.

16. Trade and Other receivables

	<i>As at 30 September 2020 £</i>	<i>As at 30 September 2021 £</i>	<i>As at 30 September 2022 £</i>
Trade receivables	605,430	663,361	629,277
Prepayments	271,100	393,479	436,525
Research & Development tax claim	1,788,840	2,106,424	–
Other receivables	381,251	234,062	293,498
	<u>3,046,621</u>	<u>3,397,326</u>	<u>1,359,300</u>

The carrying amounts of the Sorted Group’s trade and other receivables are denominated in pounds sterling. All trade receivables were current and receivable in one year or less and aged less than three months at the year end.

17. Cash and Cash Equivalents

	As at 30 September 2020 £	As at 30 September 2021 £	As at 30 September 2022 £
Cash at bank	3,327,783	3,437,703	7,059,643
	<u>3,327,783</u>	<u>3,437,703</u>	<u>7,059,643</u>

The carrying amounts of the Sorted Group's cash and cash equivalents are denominated in pounds sterling.

Most of the Sorted Group's cash at bank is held with HSBC with a credit rating of at A+.

18. Called Up Share Capital

	<i>Number of shares</i>	<i>Ordinary shares £</i>	<i>Share premium £</i>	<i>Total £</i>
Issued and fully paid				
As at 1 June 2019	72,029	720	20,560,285	20,561,005
Issue of F shares on 27 June 2019	611	6	366,594	366,600
Issue of F shares on 15 August 2019	8,347	83	3,290,945	3,291,028
Issue of G shares on 15 August 2019	16,667	167	10,000,033	10,000,200
Issue of Z shares on 21 October 2019	850	8	756	764
Issue of F shares on 26 June 2020	325	3	194,997	195,000
Deal fees	–	–	(347,397)	(347,397)
As at 30 September 2020	<u>98,829</u>	<u>987</u>	<u>34,066,213</u>	<u>34,067,200</u>
Issue of E shares on 2 February 2021	1,037	10	7,114	7,124
Issue of Z shares on 2 February 2021	75	1	67	68
Adjustment	–	–	28	28
As at 30 September 2021	<u>99,941</u>	<u>998</u>	<u>34,073,422</u>	<u>34,074,420</u>
Issue of H shares on 26 November 2021	37,940	380	25,562,171	25,562,551
Issue of H shares on 29 November 2021	4,000	40	2,999,960	3,000,000
Issue of H shares on 3 December 2021	8,258	83	6,193,417	6,193,500
Issue of H shares on 29 April 2022	3,333	33	2,499,717	2,499,750
Deal fees	0	0	(260,010)	(260,010)
Adjustment	–	2	(966)	(964)
As at 30 September 2022	<u>153,472</u>	<u>1,536</u>	<u>71,067,711</u>	<u>71,069,247</u>

On 27 June 2019, the Sorted Group issued 611 ordinary shares of £0.01 each. The price per share issued was £600, for a total consideration of £366,600 cash.

On 15 August 2019, the Sorted Group issued 8,347 ordinary shares of £0.01 each. The price per share issued was £394.28, for a total consideration of £3,291,028. 4,181 of these share were issued for a cash consideration. The remaining 4,166 shares related to a convertible loan note of £2,500,000. Consideration of £1,250,000 was received in the prior year and £1,250,000 in current year.

On 15 August 2019, the Sorted Group issued 16,667 ordinary shares of £0.01 each. The price per share issued was £600, for a total consideration of £10,000,200 cash.

On 21 October 2019, the Sorted Group issued 850 ordinary shares of £0.01 each. The price per share issued was £0.898, for a total consideration of £764 cash.

On 26 June 2020, the Sorted Group issued 325 ordinary shares of £0.01 each. The price per share issued was £600, for a total consideration of £195,000 cash.

On 2 February 2021, the Sorted Group issued 1,037 ordinary shares of £0.01 each. The price per share issued was £6.87, for a total consideration of £7,124 cash.

Also on 2 February 2021, the Sorted Group issued 75 ordinary shares of £0.01 each. The price per share issued was £0.91, for a total consideration of £68 cash.

On 26 November 2021, the Sorted Group issued 37,940 ordinary shares of £0.01 each. The price per share issued was £673.76 for a total consideration of £25,562,551. 28,925 of these shares were issued for cash, the remaining 9,015 were issued for a non cash consideration.

On 29 November 2021, the Sorted Group issued 4,000 ordinary shares of £0.01 each for the acquisition of Clicksit App Limited. The price per share issued was £750 for a total consideration of £3,000,000 cash.

On 3 December 2021, the Sorted Group issued 8,258 ordinary shares of £0.01 each. The price per share issued was £750 for a total consideration of £6,193,500 cash.

On 29 April 2022, the Sorted Group issued 3,333 ordinary shares of £0.01 each. The price per share issued was £750 for a total consideration of £2,499,750 cash.

19. Share based payments

Share options outstanding at 30 September 2022 have the following expiry dates and exercise prices:

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price in £ per share</i>	<i>Number</i>		
			<i>2022</i>	<i>2021</i>	<i>2020</i>
1 December 2021	1 December 2024	24.51	17,474	–	–
2 September 2022	30 September 2025	24.51	3,843	–	–
Total			<u>21,317</u>	<u>–</u>	<u>–</u>

Warrants outstanding at 30 September 2022 have the following expiry dates and exercise prices:

<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price in £ per share</i>	<i>Number</i>		
			<i>2022</i>	<i>2021</i>	<i>2020</i>
8 September 2022	8 September 2032	750	400	–	–
Total			<u>400</u>	<u>–</u>	<u>–</u>

The estimate of the fair value of the share options is measured based on the Black-Scholes model. The parameters used for options and warrants granted in the year ended 30 September 2022 are detailed below:

	<i>2022 Options</i> <i>2 September</i> <i>2022</i>	<i>2022 Options</i> <i>1 December</i> <i>2021</i>
<i>Granted on:</i>		
Life (years)	3.1 years	3 years
Exercise price (pence per share)	24.51	24.51
Risk free rate	2.9%	2%
Expected volatility	37.5%	35%
Expected dividend yield	2.9%	2.9%
Marketability discount	10%	10%
Total fair value (£000)	<u>£226,765</u>	<u>£781,961</u>

The movement of share options for the year to 30 September 2022 is shown below:

	<i>2022</i>	
	<i>Number</i>	<i>Weighted average exercise price (£)</i>
As at 1 October	–	–
Granted (not yet vested)	25,000	24.51
Exercised	–	–
Lapsed	(3,683)	24.51
Outstanding as at 30 September	<u>21,317</u>	<u>24.51</u>
Exercisable at 30 September	<u>–</u>	<u>–</u>

The movement of warrants for the year to 30 September 2022 is shown below:

	<i>2022</i>	
	<i>Number</i>	<i>Weighted average exercise price (£)</i>
As at 1 October	–	–
Granted (not yet vested)	400	750
Exercised	–	–
Expired	–	–
Outstanding as at 30 September	<u>400</u>	<u>750</u>
Exercisable at 30 September	<u>400</u>	<u>750</u>

The weighted price and life for warrants and options for the year end 30 September 2022 is as follows:

Range of exercise prices (£)	2022			Weighted average remaining life contracted (years)
	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	
0-100	24.51	21,317	4	4
100-1000	750	400	10	10

During the year ended 30 September 2022 a share-based payment charge of £508,579 was recognised within administrative expenses.

20. Trade and Other Payables

	As at 30 September 2020 £	As at 30 September 2021 £	As at 30 September 2022 £
Current liabilities			
Trade payables	1,087,213	1,314,382	1,698,313
Accruals and deferred income	1,521,073	2,603,365	1,281,802
Social security	664,101	290,788	332,780
Other creditors	292,938	882,921	116,792
	<u>3,565,325</u>	<u>5,091,456</u>	<u>3,429,687</u>

The ageing of trade payables is as follows:

	As at 30 September 2020 £	As at 30 September 2021 £	As at 30 September 2022 £
Up to 3 months	946,939	1,165,478	1,624,653
3 to 6 months	134,343	91,266	51,586
6 to 12 months	4,091	43,087	21,726
12 months and over	1,840	14,551	348
	<u>1,087,213</u>	<u>1,314,382</u>	<u>1,698,313</u>

21. Borrowings

	As at 30 September 2020 £	As at 30 September 2021 £	As at 30 September 2022 £
Non-current liabilities			
Shard loan and warrant	–	14,283,614	2,805,000
NVM Loan	500,000	500,000	–
	<u>500,000</u>	<u>14,783,614</u>	<u>2,805,000</u>
Current liabilities			
NVM Loan	–	–	500,000
	<u>–</u>	<u>–</u>	<u>500,000</u>

The ageing of borrowings is as follows:

	<i>As at</i> 30 September 2020 £	<i>As at</i> 30 September 2021 £	<i>As at</i> 30 September 2022 £
Up to 3 months	–	–	500,000
3 to 6 months	–	–	–
6 to 12 months	–	–	–
12 months and over	500,000	14,783,614	2,805,000
	<u>500,000</u>	<u>14,783,614</u>	<u>3,305,000</u>

Borrowings

Net debt analysis

As at 1 June 2019

Repayment of GMCA loan – cash paid

1,156,250
(656,250)

As at 30 September 2020

500,000

As at 1 October 2020

Convertible loan future fund – non cash

500,000
14,283,614

As at 30 September 2021

14,783,614

As at 1 October 2021

Future fund converted to shares – non cash

14,783,614
(14,283,614)

Shard loan – cash received

2,605,000

Warrants issued for the shard loan – cash received

200,000

As at 30 September 2022

3,305,000

SHL entered into an arrangement with Shard Credit Partners Venture Debt I S.à r.l to obtain funding in August 2022. £3,000,000 was drawn down by the reporting date. An accordion facility up to £5,000,000 may be drawn should Shard agree to it.

The loan has a fixed interest rate of 10.75 per cent., reduced by 0.25 per cent. each if SHL has 1) at least one woman on the board of directors; and 2) at least one female shareholder who is a member of the senior management team. These reductions are commonly referred to as ratcheting clauses. SHL met both these conditions from inception and as at the reporting date.

Management assessed the impact of the ratcheting clauses but concluded that the change in the rate of interest due to the ratcheting clauses does not make the revised rate of interest not market related.

The loan is repayable in payments starting 36 months after the closing date. Potential prepayments are possible but does not require any more than a reasonable compensation for the prepayment.

The Shard loan is therefore a basic instrument and measured at amortised cost. Once the reverse takeover is completed Shard will have first Charge. Until then the agreement gives first charge to LSG plc.

As part of the arrangement, SHL also issued 400 warrants to Shard at no consideration. Each warrant can be exercised at a subscription price of £750, resulting in issuing an H Ordinary Share. Alternatively, the warrants may be exercised on a net basis whereby certain H Ordinary Shares are given up in lieu of the subscription price.

Management assessed the initial fair value of the warrants and concluded that this value represents a cost of obtaining the Shard loan facility, due to the commercial substance and interlinkage of obtaining the Shard loan facility and the issuing of the warrants. The initial fair value was therefore deducted from the Shard loan at recognition and is included in the amortised cost measurement of the Shard loan. The warrants are subsequently measured at fair value.

A loan note of £500,000 is owed to NVM Private Equity LLP, interest bearing at a rate of 8 per cent. and repayable in March 2023. The loan note is unsecured. Post year-end, all parties came to an agreement to extend the loan period for the NVM from its initial short-term term arrangement repayable March 2023 to a new long-term arrangement repayable January 2026. This decision was made with the intention of ensuring a more manageable structure and to better align the loan terms with the financial needs and capabilities of SHL. The new long-term loan period will provide SHL with the flexibility and time needed to meet our financial obligations without undue strain. We believe that this extension will be beneficial for both parties and will contribute to a more sustainable financial arrangement moving forward.

22. Lease liabilities

	<i>As at</i> 30 September 2020 £	<i>As at</i> 30 September 2021 £	<i>As at</i> 30 September 2022 £
Current lease liabilities	225,423	366,049	259,067
Non current lease liabilities	2,419,989	2,186,454	4,926
	<u>2,645,412</u>	<u>2,552,503</u>	<u>263,993</u>

The ageing of leases is as follows:

	<i>As at</i> 30 September 2020 £	<i>As at</i> 30 September 2021 £	<i>As at</i> 30 September 2022 £
Up to 3 months	54,395	116,249	130,075
3 to 6 months	55,682	76,991	97,114
6 to 12 months	115,346	172,809	31,878
12 months and over	2,419,989	2,186,454	4,926
	<u>2,645,412</u>	<u>2,552,503</u>	<u>263,993</u>

	<i>Leases</i>
Net debt analysis	
As at 1 June 2019	2,850,872
Cash movement	(461,066)
Non-cash movement	255,606
As at 30 September 2020	<u>2,645,412</u>
As at 1 October 2020	2,645,412
Cash movement	(473,906)
Non-cash movement	380,697
As at 30 September 2021	<u>2,552,503</u>
As at 1 October 2021	2,552,503
Cash movement	(303,419)
Non-cash movement	(1,985,091)
As at 30 September 2022	<u>263,993</u>

23. Other Reserves

	£
As at 1 June 2019	—
As at 30 September 2020	—
As at 1 October 2020	—
As at 30 September 2021	—
As at 1 October 2021	—
Fair value adjustment	2,892,450
As at 30 September 2022	<u>2,892,450</u>

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

The company participated in the UK government's Future Fund convertible loan scheme in the financial Year ended 30 September 2021, receiving funding of £11.6 million from the Future Fund and co-investors combined.

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

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

The Future Fund is classified as a financial liability in its entirety and is a non-basic financial instrument that is in the scope of Section 12 and accounted for at fair value through profit or loss. Prior to conversion into equity (refer below), a fair value adjustment of £178k was recognised, thereby increasing the liability value. In the comparative year, a fair value increase of £2,714 was recognised. The fair value movement and interest expense is recognised through P&L in the year.

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

Following the fair value adjustment at 30 September 2021 the Future fund convertible loan and accrued interest has converted in entirety into equity on the 26th November 2021. The conversion for the principal amount occurred at an 20 per cent. discount do the value of the shares, whilst the conversion for the interest amount occurred at the full value of the shares. The share capital and share premium recognised is limited to the value at which the shares were issued. The difference between the liability being settled and the aforementioned equity values are recognised within other reserves. 20,606 shares were issued.

Shard loan and warrants

The group entered into an arrangement with Shard to obtain funding in August 2022. £3,000k was drawn down by the reporting date. An accordion facility up to £5,000k may be drawn should Shard agree to it.

The loan has a fixed interest rate of 10.75 per cent., reduced by 0.25 per cent. each if the Company has 1) at least one woman on the board of directors; and 2) at least one female shareholder who is a member of

the senior management team. These reductions are commonly referred to as ratcheting clauses. The group met both these conditions from inception and as at the reporting date.

Management assessed the impact of the ratcheting clauses but concluded that the change in the rate of interest due to the ratcheting clauses does not make the revised rate of interest not market related.

The loan is repayable in payments starting 36 months after the closing date. Potential prepayments are possible but does not require any more than a reasonable compensation for the prepayment.

The Shard loan is therefore a basic instrument and measured at amortised cost.

As part of the arrangement, the Company also issued 400 warrants to Shard at nil consideration. Each warrant can be exercised at a subscription price of £750, resulting in issuing an H Ordinary Share. Alternatively, the warrants may be exercised on a net basis whereby certain H Ordinary Shares are given up in lieu of the subscription price.

Management assessed the initial fair value of the warrants and concluded that this value represents a cost of obtaining the Shard loan facility, due to the commercial substance and interlinkage of obtaining the Shard loan facility and the issuing of the warrants. The initial fair value was therefore deducted from the Shard loan at recognition and is included in the amortised cost measurement of the Shard loan. The warrants are subsequently measured at fair value.

24. Financial instruments by category

	<i>As at</i> 30 September 2020 £	<i>As at</i> 30 September 2021 £	<i>As at</i> 30 September 2022 £
	<i>At</i> <i>amortised</i> <i>cost</i>	<i>At</i> <i>amortised</i> <i>cost</i>	<i>At</i> <i>amortised</i> <i>cost</i>
Assets per Statement of Financial Performance			
Trade and other receivables	605,430	663,361	629,277
Cash and cash equivalents	3,327,783	3,437,703	7,059,643
	<u>3,933,213</u>	<u>4,101,064</u>	<u>7,688,920</u>

	<i>As at</i> 30 September 2020 £	<i>As at</i> 30 September 2021 £	<i>As at</i> 30 September 2022 £
	<i>At</i> <i>amortised</i> <i>cost</i>	<i>At</i> <i>amortised</i> <i>cost</i>	<i>At</i> <i>amortised</i> <i>cost</i>
Liabilities per Statement of Financial Performance			
Trade and other payables (excluding non-financial liabilities)	2,374,981	2,957,279	2,417,555
Lease liabilities	2,645,412	2,552,503	263,993
Borrowings (excluding finance leases)	500,000	14,783,614	3,305,000
	<u>5,520,393</u>	<u>20,293,396</u>	<u>5,986,548</u>

25. Related Party disclosures

During the year ended 30 September 2022, the group paid board fees to shareholders of £45,000 to Praetura Capital LLP (£36,000: 2021, £123,000: 2020) and £60,000 to Arete Capital Partners Limited (£60,000: 2021, £5,000: 2020) who have common directorships. Michael Fletcher, David Foreman and Jack Summers are also directors of Praetura Capital LLP. Michael Fletcher is also a director of Arete Capital Partners Limited. In addition, during the year ended 30 September 2022 the Sorted Group paid board fees

to other shareholders of £25,000 to Seneca Ltd (£24,999: 2021, £33,000: 2020) and £24,000 to Mercia Asset Management PLC (£24,000: 2021, £18,000: 2020). During the year ended 30 September 2022, no amounts were paid to NVM (nil: 2021, £18,333: 2020). Stephen Johnson, Andrew Leach, and Timothy Levett are also directors of Mercia Asset Management PLC and NVM.

As at 30 September 2022, the related party amounts due were to Praetura Capital LLP was £4,800 (£3,600: 2021, £17,948: 2020). Arete Capital Partners Limited amounts due were £6,000 (£6,462: 2021, nil: 2020). There were no amounts due to Seneca as at 30 September 2022 (nil: 2021, £7,500: 2020).

For the year ended 30 September 2022, the total cost to the group of key management personnel was £1,950,400 (£797,694: 2021, £340,874: 2020).

26. Business Combinations

On 29 November 2021, SHL acquired 100 per cent. of the ordinary shares of capital of Clicksit App Limited. This acquisition gave SHL an additional product (Returns) which is now part of the Sorted Delivery Experience Platform (DEP). This will allow SHL to serve the entirety of the market from SMB through to large enterprise and across all three pillars of the retail post-purchase journey; Carrier Selection and warehouse management (PRO), Order Tracking (REACT) and returns Management (Clicksit).

The directors have given consideration of the method of accounting to be applied and concluded that it meets the definition of a business combination under IFRS 3 and the Group has been identified as the accounting acquirer for the purposes of IFRS 3. In determining the accounting treatment to be applied, the directors have carefully reviewed the relevant factors to be considered in determining whether a business has been acquired and the change in control, including consideration, inter-alia, of the voting rights held by the former Clicksit shareholders after the Business combination was completed, the composition of the new Board and rights relating to appointments to the Board. As a result the Company will reflect an investment in the Group as a wholly owned subsidiary on its Balance Sheet and the Group has accounted for the acquisition by applying the acquisition method of accounting.

The investment in Clicksit App Limited is recognised at the fair value of the consideration given:

	£
Initial cash consideration	6,031,364
Consideration shares issued (4,000 shares at £750 per share)	3,000,000
	<hr style="border-top: 1px solid black;"/>
Total consideration	<u>9,031,304</u>

The value of the consideration shares has been determined in accordance with IFRS 3 applying the acquisition-date fair values of the equity interests issued by the acquirer. The fair value on the acquisition date is considered to be £750 per share, being the price at which the placing shares were issued on the same day. The acquisition has been accounted for as a business combination, using the acquisition method. The purchase consideration has been allocated based on SHL’s fair value of the identifiable assets acquired and the liabilities at the acquisition date.

Details of the fair value of the assets acquired at completion and the consideration payable is as follows:

	<i>Book value</i>	<i>Fair value</i>
	£	£
Intangibles	–	175,300
Cash and cash equivalents	44,256	44,256
Property, plant and equipment	2,298	2,298
Trade & other receivables	110,530	110,530
Trade & other payables	(365,012)	(365,012)
Net assets	(207,928)	(32,628)
Cash		6,031,364
Consideration shares		3,000,000
Fair Value of consideration		9,031,304
Goodwill		9,063,932

27. Investments in subsidiary undertakings

Investments in the Sorted Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision. Investments and loans to subsidiaries are eliminated upon consolidation.

<i>Name of the subsidiary</i>	<i>Country of incorporation and place of business</i>	<i>Proportion of ordinary shares held by SHL (%)</i>	<i>Proportion of ordinary shares held by the Sorted Group (%)</i>	<i>Principle activity</i>
Sorted Group Limited	United Kingdom	100%	100%	The creation and service of websites for provision of delivery services.
Sorted EBT Limited	United Kingdom	100%	100%	Trustee for employee shares
Clicksit App Limited	United Kingdom	100%	100%	Software publishing

28. Ultimate Controlling Party

The Directors believe there is no ultimate controlling party.

29. Events After the Reporting Date

Related Party Loan Facility

In April 2023, the Group entered into a loan facility agreement, with funding provided by the Principal Shareholders and the CEO of the company. This facility encompassed two separate loan advances to the Company.

The initial loan advance, totalling £660,750, was received in April 2023. It is important to note that this loan carries an interest rate of 12 per cent. per annum and has no specified repayment term.

In May 2023, a second loan advance amounting to £500,000 was secured. Like the first loan, this one also carries an interest rate of 12 per cent. per annum and is also devoid of a specified repayment term.

Both loans, whether secured or unsecured, are subject to the covenants and conditions delineated in the loan agreement. The allocated use of funds from these loans is designated for working capital purposes.

Given the nature of the lending parties involved, these transactions qualify as related party transactions. The Group has meticulously ensured compliance with all disclosure requirements pertinent to related party transactions and unequivocally confirms that the loans were extended on terms entirely equivalent to those prevailing in arm's length transactions.

Equity Agreement with Shard Financial Partners

In a noteworthy development affirming the enduring health and long-term potential of the Group, we are delighted to announce the successful negotiation of a equity agreement with Shard Financial Partners. This achievement not only fortifies our financial stability but also underscores the unwavering confidence our investors have in our business model, growth strategies, and overall vision for the future.

NVM Loan Facility

A loan note of £500,000 is owed to NVM Private Equity LLP, interest bearing at a rate of 8 per cent. – refer note 18. The loan note is unsecured. Post year-end, all parties came to an agreement to extend the loan period for the NVM from its initial short-term term arrangement repayable March 2023 to a new long-term arrangement repayable 31 January 2026. This decision was made with the intention of ensuring a more manageable structure and to better align the loan terms with the financial needs and capabilities of Sorted. The new long-term loan period will provide Sorted with the flexibility and time needed to meet our financial obligations without undue strain. We believe that this extension will be beneficial for both parties and will contribute to a more sustainable financial arrangement moving forward.

Financial Instrument Details

The loan facility from Shard Financial Partners has been thoughtfully structured to provide the Group with a flexible financial foundation to support various business endeavours, encompassing but not limited to:

- Research and Development (R&D) investments
- Marketing and customer acquisition initiatives
- Streamlining and automating operational capabilities

The terms of this facility have been negotiated with a focus on aligning with our projected cash flows, incorporating competitive interest rates, and flexible repayment schedules to ensure sustained operational viability.

Exclusive Agreement with Location Science Group plc

In June 2023, the Group entered into an exclusive agreement with Location Science Group plc. Under the terms of this agreement, Location Science Group plc is set to execute a reverse takeover of the Group. The transaction is expected to conclude by mid-December 2023, and while the agreement is still in the process of completion, Location Science Group has provided a loan facility of £2.6 million.

As part of this agreement, both parties have committed to exclusive negotiations, refraining from engaging in similar discussions with other entities during the agreement's duration. Additionally, as part of this deal, there will be a £2.2 million share placing. Further details, including the financial terms and conditions, are yet to be finalized and will be disclosed upon the successful completion of the transaction.

The board is actively evaluating the impact of this agreement on the Group's financial position, operational results, and cash flows. Additional information will be made available as it becomes accessible.

**SECTION C: UNAUDITED INTERIM FINANCIAL INFORMATION OF SORTED
HOLDINGS LIMITED
FOR THE SIX MONTHS TO 31 MARCH 2023**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		<i>6 months to 31 March 2023 Unaudited £</i>	<i>6 months to 31 March 2022 Unaudited £</i>
	<i>Notes</i>		
Continuing operations			
Revenue	4	3,473,613	2,715,058
Cost of sales	5	<u>(1,139,780)</u>	<u>(711,808)</u>
Profit/(loss) from operations		<u>2,333,833</u>	<u>2,003,250</u>
Administration expenses	6	(9,534,735)	(12,208,612)
Finance costs		<u>(178,660)</u>	<u>(437,313)</u>
Profit/(loss) before tax		<u>(7,379,562)</u>	<u>(10,642,675)</u>
Corporation tax expense		<u>–</u>	<u>–</u>
Loss for the period		<u><u>(7,379,562)</u></u>	<u><u>(10,642,675)</u></u>
Loss attributable to:			
– owners of the Sorted Group		<u>(7,379,562)</u>	<u>(10,642,675)</u>
Loss for the period		<u><u>(7,379,562)</u></u>	<u><u>(10,642,675)</u></u>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Other comprehensive income		<u>–</u>	<u>–</u>
Total comprehensive income		<u><u>(7,379,562)</u></u>	<u><u>(10,642,675)</u></u>
Attributable to:			
– owners of the Sorted Group		<u>(7,379,562)</u>	<u>(10,642,675)</u>
Total comprehensive income		<u><u>(7,379,562)</u></u>	<u><u>(10,642,675)</u></u>
Basic earnings/(loss) per share (pounds) from continuing operations attributable to owners of the Sorted Group		<u>(48.08)</u>	<u>(74.82)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		Year	
		31 March 2023	30 September 2022
	Notes	Unaudited £	Audited £
Non-Current Assets			
Property, plant and equipment		62,700	73,791
Intangible assets	7	5,941,112	7,192,653
Right of use assets		129,044	270,871
Goodwill		199,910	199,910
		<u>6,332,766</u>	<u>7,737,225</u>
Current Assets			
Trade and other receivables		1,538,867	1,359,300
Cash and cash equivalents		361,630	7,059,643
		<u>1,900,497</u>	<u>8,418,943</u>
Total Assets		<u>8,233,263</u>	<u>16,156,168</u>
Current Liabilities			
Trade and other payables	8	2,984,952	3,699,357
		<u>2,984,952</u>	<u>3,699,357</u>
Non-current liabilities			
Borrowings		3,309,714	3,305,000
Lease liabilities		–	5,741
		<u>3,309,714</u>	<u>3,310,741</u>
Total Liabilities		<u>6,294,666</u>	<u>7,010,098</u>
Net Assets		<u>1,938,597</u>	<u>9,146,070</u>
Equity Attributable to owners of the Sorted Group			
Share Capital		1,536	1,536
Share premium		71,067,711	71,067,711
Share based payment reserve		680,668	508,579
Other reserves		2,892,450	2,892,450
Retained losses		(72,703,768)	(65,324,206)
Total equity attributable to owners of the Sorted Group		<u>1,938,597</u>	<u>9,146,070</u>
Total Equity		<u>1,938,597</u>	<u>9,146,070</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	<i>Share capital £</i>	<i>Share premium £</i>	<i>Share based payments £</i>	<i>Other reserves £</i>	<i>Retained losses £</i>	<i>Total equity £</i>
As at 1 April 2022	1,500	68,668,950	97,078	2,892,450	(36,851,414)	34,808,564
Comprehensive income						
Profit/(Loss) for the period	–	–	–	–	(28,472,792)	(28,472,792)
Total comprehensive income for the year	–	–	–	–	(28,472,792)	(28,472,792)
Contributions by and distributions to owners						
Issue of ordinary shares	–	2,398,761	–	–	–	2,398,761
Issue of share options	36	–	411,501	–	–	411,537
Total transactions with owners	36	2,398,761	411,501	–	–	2,810,298
As at 30 September 2022	<u>1,536</u>	<u>71,067,711</u>	<u>508,579</u>	<u>2,892,450</u>	<u>(65,324,206)</u>	<u>9,146,070</u>
	<i>Share capital £</i>	<i>Share premium £</i>	<i>Share based payments £</i>	<i>Other reserves £</i>	<i>Retained losses £</i>	<i>Total equity £</i>
As at 1 October 2022	1,536	71,067,711	508,579	2,892,450	(65,324,206)	9,146,070
Comprehensive income						
Profit/(Loss) for the period	–	–	–	–	(7,379,562)	(7,379,562)
Total comprehensive income for the year	–	–	–	–	(7,379,562)	(7,379,562)
Contributions by and distributions to owners						
Issue of ordinary shares	–	–	–	–	–	–
Issue of share options	–	–	172,089	–	–	172,089
Total transactions with owners	–	–	–	–	–	–
As at 30 September 2022	<u>1,536</u>	<u>71,067,711</u>	<u>680,668</u>	<u>2,892,450</u>	<u>(72,703,768)</u>	<u>1,938,597</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<i>Period ended 31 March 2023 Unaudited £</i>	<i>Period ended 31 March 2022 Unaudited £</i>
Cash flows from operating activities		
Profit/(Loss) before taxation	(7,379,562)	(10,642,675)
Adjustments for:		
Depreciation and amortisation	2,679,688	5,810,552
(Increase)/decrease in trade and other receivables	(179,566)	(2,714,924)
R&D receivable	–	2,124,053
(Decrease)/increase in trade and other payables	(790,796)	174,621
Interest receivable and similar income	(2,644)	
Interest payable and similar charges	205,463	282,220
Net cash used in operations	<u>(5,467,417)</u>	<u>(4,966,153)</u>
Cash flows from investing activities		
Purchase of fixed assets	(10,338)	(28,115)
Purchase of intangible assets	(1,406,718)	(3,688,198)
Right of use asset addition	141,827	(233,318)
Purchase of subsidiary		(6,034,623)
Clicksit acquisition costs		(207,541)
Net cash used in investing activities	<u>(1,275,229)</u>	<u>(10,191,795)</u>
Cash flows from financing activities		
Proceeds from share issue	–	34,596,031
Share based payment reserves	172,089	97,078
Other reserves	–	2,892,450
Consideration received in advance of shares	–	(11,569,999)
Other creditors greater than 1 year	–	(2,891,501)
Non-current lease liability	(1,028)	927
Consideration shares for purchase of Clicksit	–	(3,000,000)
Interest received	2,644	–
Interest paid	(129,072)	170,109
Net cash from financing activities	<u>(44,633)</u>	<u>20,295,095</u>
Net (decrease) / increase in cash and cash equivalents	(6,698,013)	5,137,147
Cash and cash equivalents at beginning of period	7,059,643	3,437,703
Cash and cash equivalents at end of period	<u>361,630</u>	<u>8,574,850</u>

Major non-cash transactions

On the 29th November 2021, Sorted Holdings Limited acquired 100 per cent. of the share capital of Clicksit App Limited. The purchase consideration included £6,031,364 cash and £3,000,000 share consideration.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General Information

The principal activity of Sorted Holdings Limited ('SHL') and its subsidiaries (together the 'Sorted Group') is the provision of a Software as a Service (SaaS) delivery platform that powers dynamic checkouts, delivery management and delivery tracking around the world. SHL is incorporated and domiciled in the United Kingdom. SHL was incorporated on 15 July 2013.

The address of SHL's registered office is Level Six, 111 Piccadilly, Manchester, England, M1 2HY.

2. Basis of Preparation

The condensed interim financial information has been prepared in accordance with the AIM Rules. As permitted, SHL has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The condensed interim financial information should be read in conjunction with the historical financial information for the year ended 30 September 2022, which have been prepared in accordance with International Accounting Standards ("IAS") as adopted by the United Kingdom.

The interim financial information set out above does not constitute statutory accounts. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Accounting Standards (IAS) as adopted by the United Kingdom

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for SHL to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial information for the period ended 31 March 2023.

The factors that were extant at the 30 September 2022 are still relevant to this report and as such reference should be made to the going concern note and disclosures in the historical financial information for the period ended 30 September 2022.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Companies medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in the Historical Financial Information. The key financial risks are credit risk, liquidity risk and capital management risk.

Critical accounting estimates

The preparation of condensed interim financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses, and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Historical Financial Information. Actual amounts may differ from these estimates. The nature and amounts of such estimates have not changed significantly during the interim period.

3. Accounting Policies

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial information as were applied in the preparation of the SHL's historical financial information for the period ended 30 September 2022 except for the impact of the adoption of the Standards and interpretations described below and new accounting policies adopted as a result of changes in SHL.

3.1 *Changes in accounting policy and disclosures*

- (a) New and amended standards mandatory for the first time for the financial periods beginning on or after 30 September 2022

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 30 September 2022 but did not result in any material changes to the Financial Information of SHL.

- (b) New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted

Standards, amendments and interpretations that are not yet effective and have not been early adopted are as follows:

<i>Standard</i>	<i>Impact on initial application</i>	<i>Effective date</i>
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current	*1 January 2023
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
IAS 8 (Amendments)	Accounting estimates	1 January 2023
IAS 12	Income taxes	1 January 2023
IFRS 16	Lease liability in a Sale and Leaseback	1 January 2024
IAS 1 (Amendments)	Non-current liabilities with Covenants	1 January 2024
IAS 7 (Amendments)	Supplier finance arrangements	1 January 2024
IAS 21 (Amendments)	Lack of exchangeability	1 January 2024

* Subject to endorsement

SHL is evaluating the impact of the new and amended standards above which are not expected to have a material impact on future SHL Financial Statements.

4. Revenue

	<i>31 March 2023</i>	<i>31 March 2022</i>
	£	£
Revenue from subscriptions	2,286,837	1,677,325
Revenue from implementation, support, and other revenue	1,186,776	1,037,733
Total Revenue	<u>3,473,613</u>	<u>2,715,058</u>

5. Cost of sales

	<i>31 March 2023</i>	<i>31 March 2022</i>
	£	£
Staff salaries and commission	279,687	381,447
Hosting and Infrastructure	384,485	295,349
Courier Costs	380,982	293,372
Other costs of sale	94,626	(258,360)
	<u>1,139,780</u>	<u>711,808</u>

6. Administrative expenses

	31 March 2023 £	31 March 2022 £
Staff salaries and commission	3,930,709	3,853,351
Outsourced Development Costs	308,314	330,174
Subcontractor costs	602,840	480,446
Amortisation and depreciation	2,842,731	5,953,431
Hosting	258,345	160,323
Recruitment Fees	128,188	88,644
Rent & Rates	(3,962)	(220,675)
Computer Software	455,625	230,976
Marketing events	239,741	370,288
Travel and expenses	62,242	108,785
Legal & Professional fees	75,785	84,653
Audit & Accountancy	95,682	210,232
Redundancy	163,039	243,900
Other costs	375,456	314,084
	<u>9,534,735</u>	<u>12,208,612</u>

7. Intangibles

	<i>Development Costs</i> £	<i>Domain name</i> £	<i>Software Costs</i> £	<i>Website development</i> £	<i>Total</i> £
Cost					
As at 1 October 2021	<u>20,145,775</u>	<u>160,000</u>	<u>11,270</u>	<u>55,746</u>	<u>20,372,791</u>
Additions	<u>6,935,498</u>	<u>–</u>	<u>40,100</u>	<u>–</u>	<u>6,975,598</u>
Acquisition of Clicksit	<u>–</u>	<u>–</u>	<u>174,915</u>	<u>–</u>	<u>174,915</u>
As at 30 September 2022	<u>27,081,273</u>	<u>160,000</u>	<u>226,285</u>	<u>55,746</u>	<u>27,523,304</u>
As at 1 October 2022	<u>27,081,273</u>	<u>160,000</u>	<u>226,285</u>	<u>55,746</u>	<u>27,523,304</u>
Additions	<u>1,403,368</u>	<u>–</u>	<u>3,350</u>	<u>–</u>	<u>1,406,718</u>
As at 31 March 2023	<u>28,484,641</u>	<u>160,000</u>	<u>229,635</u>	<u>55,746</u>	<u>28,930,022</u>
Depreciation					
As at 1 October 2021	<u>9,796,832</u>	<u>65,608</u>	<u>9,774</u>	<u>32,633</u>	<u>9,904,847</u>
Charge for the year	<u>4,711,946</u>	<u>16,080</u>	<u>7,740</u>	<u>13,334</u>	<u>4,749,100</u>
Impairment	<u>5,676,704</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,676,704</u>
As at 30 September 2022	<u>20,185,482</u>	<u>81,688</u>	<u>17,514</u>	<u>45,967</u>	<u>20,330,651</u>
As at 1 October 2022	<u>20,185,482</u>	<u>81,688</u>	<u>17,514</u>	<u>45,967</u>	<u>20,330,651</u>
Charge for the year	<u>2,640,354</u>	<u>7,645</u>	<u>7,205</u>	<u>3,055</u>	<u>2,658,259</u>
As at 31 March 2023	<u>22,825,836</u>	<u>89,333</u>	<u>24,719</u>	<u>49,022</u>	<u>22,988,910</u>
Net book value					
As at 30 September 2022	<u>6,895,791</u>	<u>78,312</u>	<u>208,771</u>	<u>9,779</u>	<u>7,192,653</u>
As at 31 March 2023	<u>5,658,805</u>	<u>70,667</u>	<u>204,916</u>	<u>6,724</u>	<u>5,941,112</u>

Development costs are predominantly capitalised staff costs associated with the development of the shipping and tracking software being produced by Sorted Holdings Limited.

An impairment review of the Sorted Group's development costs are carried out on an annual basis. It is not possible to determine the recoverable amount of a single asset, and so the asset is grouped with other assets in a cash generating unit (CGU). The impairment assessment is then performed on this CGU. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of other assets.

SHL has two business units that generate cash inflows – 1) shipping and tracking related services (Shipping); and 2) returns services (Returns). SHL also separately tracks the performance of these two business units. Management is therefore of the view that these two business units also represent the two CGUs of Sorted.

The recoverable amount of the Shipping CGU has been calculated as £6,895,791 as 30 September 2022. The impairment loss is therefore calculated as the difference between this and the carrying value, resulting in an adjustment of £5,676,704. No impairment loss has been recorded for the period ended 31 March 2023.

8. Trade payables

	<i>For the period ended 31 March 2023 £</i>	<i>For the year ended 30 September 2022 £</i>
Current liabilities		
Trade payables	704,239	1,698,313
Accruals and deferred income	1,488,836	1,281,802
Social security	276,400	332,780
Other creditors	515,477	386,462
	<u>2,984,952</u>	<u>3,699,357</u>

9. Dividends

No dividend has been declared or paid by SHL during the six months ended 31 March 2023 (2022: nil).

10. Related party disclosure

During the six months ended 31 March 2023, the group paid board fees to shareholders of £24,000 to Praetura Capital LLP (£21,000: 2022) and £30,000 to Arete Capital Partners Limited (£30,000: 2022) who have common directorships. In addition, during the six months ended 31 March 2023 the Sorted Group paid board fees to other shareholders of £12,500 to Seneca Ltd (£12,500: 2022) and £8,000 to Mercia Asset Management PLC (£2,000: 2022). During the six months ended 31 March 2023, no amounts were paid to NVM (£10,000: 2022).

As at 31 March 2023, the related party amounts due were to Praetura Capital LLP was £4,800 (£9,600: 2022). Arete Capital Partners Limited amounts due were £6,000 (£6,500: 2022). There were no amounts due to Seneca as at 31 March 2023 (nil: 2022).

For the six months ended 31 March 2023, the total cost to the group of key management personnel was £793,105 (£1,002,751: 2022).

11. Events after the balance sheet date

In April 2023, the Sorted Group entered into a loan facility agreement with certain principal shareholders and the chief executive officer of the Sorted Group. The terms of the facility provided for two separate loan advances.

In June 2023, the Sorted Group entered into exclusive non-binding heads of terms regarding a potential acquisition of the entire issued and to be issued share capital of the Sorted Group by Location Science Group plc for a nominal consideration. The proposed acquisition would constitute a reverse takeover under the AIM Rules for Companies. In conjunction with this, Location Sciences Group Plc agreed to provide a loan facility of up to £2.6 million.

PART V

UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A: ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS AND UNAUDITED PRO FORMA INCOME STATEMENT FOR THE ENLARGED GROUP

PKF Littlejohn LLP



Accountants &
business advisers

The Directors
Location Sciences Group Plc
First Floor
St James House
St James Square
Cheltenham
Gloucestershire
GL50 3PR

The Directors
Allenby Capital Limited
5 St. Helen's Place
London
EC3A 6AB

29 January 2024

Dear Directors

We report on the unaudited pro forma statement of net assets as at 30 June 2023 and the unaudited pro forma income statement for the period ended 30 June 2023 (the 'Pro Forma Financial Information') set out in Part V of the Company's AIM admission document dated on or around 30 January 2024 (the 'Admission Document').

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis set out therein; and
- (b) such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company (the 'Directors') to prepare the Pro Forma Financial Information in accordance with Schedule Two of the AIM Rules.

It is our responsibility to form an opinion, as required by Schedule Two of the AIM Rules, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of preparation

The Pro Forma Financial Information has been prepared on the basis described, for illustrative purposes only, to provide information about how the Proposals might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 June 2023. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that Schedule Two of the AIM Rules and for no other purpose.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council ('FRC') in the United Kingdom. We are independent of the Company in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our ethical responsibilities in accordance with these requirements.

The work that we have performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PKF Littlejohn LLP
Reporting Accountant

29 January 2024

15 Westferry Circus
Canary Wharf
London E14 4HD

SECTION B: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS AND UNAUDITED PRO FORMA INCOME STATEMENT FOR THE ENLARGED GROUP

Set out below is an unaudited pro forma statement of net assets of Location Sciences Group Plc (the “**Company**”) and Sorted (together the “**Enlarged Group**”) as at 30 June 2023. The unaudited pro forma net asset statement has been prepared on the basis set out in the notes below to illustrate the impact of:

- the Proposals

as if it had taken place on 30 June 2023.

The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group’s actual financial position or results. Such information may not, therefore, give a true picture of the Enlarged Group’s financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future.

The unaudited pro forma information is based on the unaudited net assets of the Company and Sorted as at 30 June 2023 and 31 March 2023 respectively and is based on the Company’s unaudited interim financial information as shown in Part III of this document and the unaudited interim financial information for Sorted as shown in Section C of Part IV of this document. No adjustments have been made to take account of trading, expenditure or other movements subsequent to 30 June 2023 being the date of the unaudited interim financial information of the Company.

The unaudited pro forma information does not constitute financial statements within the meaning of section 434 of the Act. Investors should read the whole of this document and not rely solely on the summarised financial information contained in this Part V.

Unaudited pro forma statement of net assets as at 30 June 2023

	<i>The Company Unaudited net Assets as at 30 June 2023 (Note 1) £'000</i>	<i>Sorted Unaudited net assets as at 31 March 2023 (Note 2) £'000</i>	<i>Acquisition adjustment (Note 3) £'000</i>	<i>Issue of new Ordinary Shares net of costs (Note 4) £'000</i>	<i>Debt adjustment (Note 5) £'000</i>	<i>Unaudited pro forma adjusted aggregated net assets of the Enlarged Group on Admission £'000</i>
Assets						
Non-current assets						
Intangible assets	26	5,766	–	–	–	5,792
Goodwill	–	200	–	–	–	200
Property, plant & equipment	–	63	–	–	–	63
Right of use assets	–	129	–	–	–	129
Non-current assets	26	6,158	–	–	–	6,184
Current assets						
Cash and cash equivalents	3,498	362	–	997	–	4,857
Trade and other receivables	168	1,539	–	–	–	1,707
Bridge loan - Sorted	600	–	–	–	(600)	–
Current assets	4,266	1,901	–	997	–	6,564
Total assets	4,292	8,059	–	997	–	12,748
Liabilities						
Non-current liabilities						
Borrowings	–	(3,310)	–	–	–	(3,310)
Lease liabilities	–	–	–	–	–	–
– Total non-current liabilities	–	(3,310)	–	–	–	(3,310)
Current liabilities						
Trade and other payables	(195)	(2,985)	–	–	–	(3,180)
– Total current liabilities	(195)	(2,985)	–	–	–	(3,180)
Total Liabilities	(195)	(6,295)	–	–	–	(6,490)
Total net assets	4,097	1,764	–	997	(600)	6,258

Notes

The pro forma statement of net assets has been prepared on the following basis:

1. The unaudited net assets of the Company as at 30 June 2023 have been extracted without adjustment from the unaudited interim financial information as shown in Part III of this document.
2. The unaudited net assets of Sorted as at 31 March 2023 have been extracted without adjustment from the unaudited interim financial information for Sorted as shown in Section C of Part IV of this document.
3. A pro forma adjustment has been made to reflect the initial accounting for the Acquisition of Sorted by the Company, being the elimination of the investment in Sorted against the non-monetary assets acquired and recognition of the bargain purchase gain. The Company will need to determine the fair value of the net assets acquired pursuant to the proposed acquisition within 12 months of the acquisition date in accordance with IFRS 3. This process, known as a Purchase Price Allocation exercise may result in reduction of the gain on bargain purchase, which may be material. The Purchase Price Allocation process will require a valuation of identifiable intangible assets acquired. The approach adopted by the Directors of the Company is permissible and appropriate. The gain on bargain purchase arising from the acquisition has been recognised in the income statement on the

acquisition date in line with IFRS 3 and a description of the reasons why the transaction resulted in a gain given. This has been reflected in the pro forma income statement.

4. An adjustment has been made to reflect the proceeds of the Subscription of 2,285,712 new Ordinary Shares of the Company at an Issue Price of £0.875 per Ordinary Share less an adjustment to reflect the payment in cash of Admission-related costs estimated at approximately £1.03 million exclusive of any non-recoverable sales taxes and broker commission.
5. An adjustment has been made to reflect the impact of the following debt instruments on the Enlarged Group:
 - i. Intragroup loan between the Company and Sorted of £600k;
6. No adjustments have been made to reflect the trading or other transactions, other than described above of:
 - ii. the Company since 30 June 2023; and
 - iii. Sorted since 31 March 2023; and
7. The pro forma statement of net assets does not constitute financial statements.
8. The adjustments to the pro forma statement of net assets are one-off in nature and are not expected to have an ongoing impact on the issuer.

Unaudited pro forma income statement for the unaudited period ended 30 June 2023

	<i>The Company Unaudited income statement as at 30 June 2023 (Note 1) £'000</i>	<i>Sorted Unaudited income statement as at 31 March 2023 (Note 2) £'000</i>	<i>Acquisition adjustment (Note 3) £'000</i>	<i>Subscription costs net of commission (Note 4) £'000</i>	<i>Financing costs (Note 5) £'000</i>	<i>Unaudited pro forma adjusted aggregated income statement of the Enlarged Group on admission £'000</i>
Revenue	34	3,474	–	–	–	3,508
Cost of sales	(10)	(1,140)	–	–	–	(1,150)
Gross profit	24	2,334	–	–	–	2,358
Administrative expenses	(151)	(9,363)	–	(1,003)	–	(10,517)
Amortisation and depreciation	(108)	–	–	–	–	(108)
Operating loss	(235)	(7,029)	–	(1,003)	–	(8,267)
Finance costs	–	(179)	–	–	(125)	(304)
Finance income	3	–	–	–	–	3
Exceptional income	–	–	1,764	–	–	1,764
Loss before tax	(232)	(7,208)	1,764	(1,003)	(125)	(6,804)
Tax (charge)/credit	–	–	–	–	–	–
Total comprehensive loss for the period	(232)	(7,208)	1,764	(1,003)	(125)	(6,804)

Notes

The pro forma statement of income has been prepared on the following basis:

1. The audited income statement of the Company as at 30 June 2023 have been extracted without adjustment from the Interim Financial Information to which is set out in Section A of Part III of this Prospectus.
2. The unaudited income statement of Sorted as at 31 March 2023 have been extracted without adjustment from the Interim Financial Information to which is set out in Section C of Part IV of this Prospectus.
3. An adjustment has been made to reflect the acquisition of Sorted by the Company, with a gain on bargain purchase arising on acquisition of £1,764k.
4. An adjustment has been made to reflect the proceeds of the Subscription of 2,287,712 new Ordinary Shares of the Company at an issue price of £0.875 per Ordinary Share net of an adjustment to reflect the payment in cash of admission costs estimated at approximately £1.003 million inclusive of any non-recoverable sales taxes.

5. An adjustment has been made to reflect an arrangement fee of £125k, in line with the Bidco 3 Facility Agreement.
6. No adjustments have been made to reflect the trading or other transactions, other than described above of:
 - i. the Company since 30 June 2023; and
 - ii. Sorted since 31 March 2023.
7. The pro forma income statement does not constitute financial statements.
8. The adjustments to the pro forma income statement are one off in nature and are not expected to have a continuing impact on the issuer.

PART VI

TAXATION

Taxation in the UK

The following information is based on UK tax law and His Majesty's Revenue and Customs ("HMRC") practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her tax position should contact their professional advisor immediately. The tax legislation of an investor's Member State or home country and the Company's country of incorporation may have an impact on the income received from an investment in the Ordinary Shares.

1.1 Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Enlarged Group.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Enlarged Group or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

1.2 Dividends

Where the Enlarged Group pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual and trustee Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Enlarged Group.

The following information is based on current UK tax law in relation to rules applying to dividends paid to individuals and trustees from 6 April 2023 onwards. There is a dividend allowance of £1,000 per annum for individuals. Dividends falling within this allowance will effectively be taxed at 0 per cent. but such dividends will still count as taxable income when determining how much of the basic rate band or higher rate band has been used. If an individual receives dividends in excess of this allowance in a tax year, the excess will be taxed at 8.75 per cent., (for individuals not liable to tax at a rate above the basic rate), 33.75 per cent., (for individuals subject to the higher rate of income tax) and 39.35 per cent. (for individuals subject to the additional rate of income tax). The rate of tax paid on dividend income by trustees of discretionary trusts is 8.75 per cent. (for dividend income that falls within the standard rate band) and 39.35 per cent. (for dividend income that falls above the standard rate band). United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

1.3 Disposals of Ordinary Shares

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

UK resident individual Shareholders will be subject to capital gains tax to the extent their net gains exceed the annual exempt amount of £6,000, after taking account of any other available reliefs. The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent., and 20 per cent. for upper rate and additional rate taxpayers.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

The corporation tax rate applicable to taxable profits is currently 25 per cent. applying to profits over £250,000. A small profits rate applies for companies with profits of £50,000 or less so that these companies pay corporation tax at 19 per cent. Companies with profits between £50,000 and £250,000 pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

1.4 Further information for Shareholders subject to UK income tax and capital gains tax

“Transactions in securities”

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel *“tax advantages”* derived from certain prescribed *“transactions in securities”*.

1.5 Stamp duty and stamp duty reserve tax

No UK stamp duty or stamp duty reserve tax will be payable on the allotment and issue of ordinary shares pursuant to the placing.

There is an exemption from stamp duty and SDRT in respect of securities admitted to trading on certain recognised growth markets, including AIM and which are not listed on a Recognised Investment Exchange.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

1.6 Inheritance Tax

Shares in AIM quoted trading companies or a holding company of a trading group may, after a two-year holding period, qualify for Business Property Relief for United Kingdom inheritance tax purposes, subject to the detailed conditions for the relief.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE ENLARGED GROUP. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO THEIR TAX POSITION OR WHERE THEY ARE RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT THEIR PROFESSIONAL

PART VII
ADDITIONAL INFORMATION

1. Responsibility

- (a) The Directors, whose names appear on page 11, and the Company accept responsibility for the information contained in this document (including any expressions of opinion) other than:
- (i) the information concerning the members of the LS Concert Party and their intentions for which the members of the LS Concert Party accept responsibility (as set out in paragraph 1(b) below)

To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

- (b) Each member of the LS Concert Party accepts responsibility for the information contained in this document relating to itself (including any expressions of opinion). To the best of the knowledge and belief of each member of the LS Concert Party (having taken all reasonable care to ensure that such is the case), the information contained in this document for which it is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and general

- (a) The Company was incorporated in England and Wales on 20 December 2007 under the name of Longships PLC with registered number 06458458 as a public company with limited liability under the Companies Act 1985. It changed its name to Proxama PLC on 22 August 2013 and again to Location Sciences Group PLC on 21 March 2018. Its registered office is at First Floor, St James House, St James Square, Cheltenham, Gloucestershire, England, GL50 3PR. It is domiciled in the United Kingdom. The current LEI of the Company is 213800MKYV25HW2IAX70.
- (b) The Company is the ultimate holding company of the Group, and has the following significant subsidiary undertakings, being those considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, financial position and/or profits and losses of the Group.

<i>Name</i>	<i>Registered Office</i>	<i>Principal Activity</i>	<i>Issued share capital (fully paid)</i>	<i>% of issued share capital held</i>
Location Sciences AI Limited	Same as the Company	Verify – verification services	£2,169.80	100

3. Share capital

(a) Issued share capital

As at 30 June 2023, being the Company's most recent unaudited balance sheet date, the issued and fully paid share capital of the Company was:

	<i>Issued</i>	
	<i>Share Capital</i>	<i>Number of shares</i>
Existing Ordinary Shares of 0.1 pence each	£2,647,587.398	2,647,587,398
Deferred Shares of 0.99 pence each	£10,303,054	1,040,712,398
Deferred Shares of 0.9 pence each	£3,389,866	376,651,734
Total	<u>£16,340,507.398</u>	<u>4,064,951,530</u>

(b) **Reconciliation of share capital**

During the financial year ending 31 December 2022, being the most recent audited balance sheet date, movements of share capital were as follows:

	<i>Issued</i>	
	<i>Share Capital</i>	<i>Number of shares</i>
Total number of Existing Ordinary Shares in issue as at 1 January 2022	£2,605,087.398	2,605,087,398
Deferred Shares of 0.99 pence each in issue as at 1 January 2022	£10,303,054	1,040,712,398
Deferred Shares of 0.9 pence each in issue as at 1 January 2022	£3,389,866	376,651,734
9 June 2022 share issue (settlement of directors' fees)	£42,500.000	42,500,000
Total number of shares in issue as at 31 December 2022	<u>£16,340,507.398</u>	<u>4,064,951,530</u>

(c) **Warrants**

As at 30 June 2023, warrants in issue were:

(i) *Broker Warrants*

<i>Warrant holder</i>	<i>Number of ordinary shares subject to Broker Warrants</i>	<i>Number of Ordinary Shares subject to Broker Warrants following Share Consolidation</i>
Turner Pope	58,750,000	94,000
Dr Nigel Burton	25,000,000	40,000
Mark Slade	10,000,000	16,000
David Rae	6,250,000	10,000

(ii) *Promoter Warrants*

<i>Warrant holder</i>	<i>Number of ordinary shares subject to Promoter Warrants</i>	<i>Number of Ordinary Shares subject to Promoter Warrants following Share Consolidation</i>
Richard Hughes	500,000,000	800,000
Mahmud Kamani	500,000,000	800,000
Simon Wilkinson	500,000,000	800,000

(iii) *Cornerstone Investor Warrants*

<i>Warrant holder</i>	<i>Number of ordinary shares subject to Cornerstone Investor Warrants</i>	<i>Number of Ordinary Shares subject to Cornerstone Investor Warrants following Share Consolidation</i>
Ben Turner	50,000,000	80,000
Bonna Turner	75,000,000	120,000
James Pope	50,000,000	80,000
Maxine Pope	75,000,000	120,000

(iv) *Director Warrants*

<i>Warrant holder</i>	<i>Number of ordinary shares subject to Director Warrants</i>	<i>Number of Ordinary Shares subject to Director Warrants following Share Consolidation</i>
Mark Slade	30,000,000	48,000
David Rae	30,000,000	48,000
Simon Wilkinson	30,000,000	48,000
Dr Nigel Burton	30,000,000	48,000

Following the Share Consolidation, the exercise price for the above-mentioned warrants will be £1.25.

During the period 1 January 2023 to 30 June 2023, there was no change in the number of share warrants outstanding.

(d) **Share options, convertible loans and other rights convertible into shares**

As at 31 December 2022 there were no outstanding options, convertible loans or any other rights over or convertible into shares in the capital of the Company.

Whilst there had been 24,666,666 outstanding share options on 1 January 2022, all were forfeit prior to 31 December 2022.

4. Share Capital History

- (a) A summary of the changes in the Group's share capital for the period covering the last three financial years is set out as follows:
- (b) 23 January 2020 – the Company issued 6,153,840 ordinary shares of 1p each, in order to settle a debt with one of its suppliers at a price of 1.25 pence per share.
- (c) 26 March 2020 – the Company undertook a sub-division of the 376,651,734 ordinary shares of 1 pence each in issue, into two classes of share: 376,651,734 ordinary shares with a nominal value of 0.1 pence each and 376,651,734 deferred shares of 0.9 pence each. These deferred shares were in addition to the existing class of deferred shares of 0.99 pence each.
- (d) 27 March 2020 – the Company raised approximately £975,000 (before expenses) pursuant to the placing of 111,430,000 ordinary shares of 0.1 pence each at an issue price of 0.875 pence per share. The Company also issued 1,142,857 ordinary shares of 0.1 pence each to its broker, Peterhouse Capital limited, in partial settlement of its appointment fees, and a further 2,285,714 shares in settlement of other transaction fees relating to the placing. In total, the Company issued 114,858,571 ordinary shares of 0.1 pence each.
- (e) 27 March 2020 - In relation to the placing, the Company issued warrants to the placees over a further 74,286,667 ordinary shares of 0.1 pence each. The warrants were exercisable at an exercise price of 0.1 pence per share and during the period from 27 March 2020 until 30 June 2020, following which date all such warrants would lapse.
- (f) 24 April 2020 – the Company issued 15,457,332 ordinary shares of 0.1 pence each pursuant to the exercise of warrants issued on 27 March 2020.
- (g) 7 May 2020 – the Company issued a further 21,980,665 ordinary shares of 0.1 pence each pursuant to the exercise of warrants issued on 27 March 2020. The Company further issued 4,800,000 ordinary shares at an issue price of £0.625 per share in partial settlement of corporate broking fees due to Peterhouse Capital Limited in relation to services provided in respect of the March 2020 placing.

- (h) 4 June 2020 – the Company issued a further 1,524,000 ordinary shares of 0.1 pence each pursuant to the exercise of warrants issued on 27 March 2020.
- (i) 19 June 2020 – the Company issued a further 23,667,332 ordinary shares of 0.1 pence each pursuant to the exercise of warrants issued on 27 March 2020.
- (j) 6 July 2020 – the Company issued a further 11,428,666 ordinary shares of 0.1 pence each pursuant to the exercise of warrants issued on 27 March 2020. All warrants issued on 27 March 2020 which remained unexercised were now lapsed.
- (k) 4 November 2020 – the Company issued an aggregate total of 16,969,098 ordinary shares of 0.1 pence each to four directors as payment for fees owed for periods since 1 February 2020, totalling £81,451.67. The ordinary shares were issued at a price of 0.48 pence per share.
- (l) 25 May 2021 – the Company announced that it had raised up to £3.85 million (before expenses) pursuant to a placing of 1,750,000,000 ordinary shares of 0.1 pence each at a placing price of 0.2 pence each. The fundraising also included:
 - (i) a broker option under which 87,500,000 ordinary shares of 0.1 pence each were issued at a price of 0.2 pence per share, raising £175,000;
 - (ii) the issuance of 17,500,000 ordinary shares of 0.1 pence each to the Company's broker in settlement of its annual broker fees;
 - (iii) the issuance of 120,500,000 ordinary shares of 0.1 pence each to the Company's broker in settlement of fees and commissions due to them pursuant to the placing;
 - (iv) the issuance of 42,500,000 ordinary shares of 0.1 pence each at a price of 0.2 pence per share in settlement of the first year's annual fees of certain new directors joining the board;
 - (v) the issuance of the Promoter Warrants set out at paragraph 3(c)(ii) above, over 1,500,000 ordinary shares of 0.1 pence each at an exercise price of 0.2 pence per share, exercisable for a period of five years from issuance;
 - (vi) the issuance of the Cornerstone Investor Warrants set out at paragraph 3(c)(iii) above, over 250,000,000 ordinary shares of 0.1 pence each at an exercise price of 0.2 pence per share, exercisable for a period of five years from issuance;
 - (vii) the issuance of the Broker Warrants set out at paragraph 3(c)(i) above, over 100,000,000 ordinary shares of 0.1 pence each at an exercise price of 0.2 pence per share, exercisable for a period of five years from issuance; and
 - (viii) the issuance of the Director Warrants set out at paragraph 3(c)(iv) above, over 120,000,000 ordinary shares of 0.1 pence each at an exercise price of 0.2 pence per share, exercisable for a period of five years from issuance, provided that the ordinary shares have traded at a Volume Weighted Average Price at or above a 50 per cent. premium to the exercise price for 20 consecutive business days, or on a change of control of the Company.

In total, 2,017,750,000 ordinary shares of 0.1 pence each were issued.

- (m) 9 June 2022 – the Company issued 42,500,000 ordinary shares of 0.1 pence each at an issue price of 0.2 pence per share to Simon Wilkinson and Dr Nigel Burton as payment *in lieu* of fees.
- (n) Pursuant to an ordinary resolution passed at the annual general meeting on 28 July 2023 the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert securities into such shares up to an aggregate nominal amount of £1,765,058.264 (representing 100 per cent. of the authorised but unissued share capital) such authority to expire on the earlier of (i) date of the next annual general meeting of the Company or (ii) 28 January 2025 (being 18 months after the date of the meeting).
- (o) Pursuant to a special resolution passed at the annual general meeting on 28 July 2023 the Directors were empowered (pursuant to section 570 of the Act) to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority described in paragraph 344 above as if section 561(1)

of the Act did not apply to such allotment, such power being limited to (a) the allotment of equity securities by way of rights in proportion to the respective number of shares held by or deemed to be held by the holders of equity securities or other persons entitled to participate in the issue on the relevant record date and (b) in respect of any other issue up to an aggregate nominal amount of £529,517.479, such power being expressed to expire on the earlier of (i) date of the next annual general meeting of the Company or (ii) 28 January 2025 (being 18 months after the date of the meeting).

- (p) The Company intends to issue 102 Existing Ordinary Shares immediately prior to the General Meeting in order to facilitate the proposed share consolidation, which the Directors will be authorised to allot pursuant to the authority referred to in paragraph (n) above.
- (q) Save as disclosed in paragraph 3(c) above (Warrants) and save for the issue of the Subscription Shares, the Remuneration Shares, the CLN Shares and , no capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.
- (r) The Subscription Shares, the Remuneration Shares and the CLN Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.
- (s) The Ordinary Shares are in registered form and capable of being held in uncertificated form. None of the Ordinary Shares are being marketed or made available in whole or in part to the public in conjunction with the applications for Admission. The Ordinary Shares to be issued pursuant to the Subscription are being issued at a price of 87.50p per share, representing the Closing Price. The expected issue date is Admission.
- (t) The currency of the issue is pounds sterling.
- (u) There are no mandatory takeover bids outstanding in respect of the Company and none has been made either in the last financial year or the current financial year of the Company. No public takeover bids have been made by third parties in respect of the Company's issued share capital in the current financial year nor in the last financial year.
- (v) The financial year end of the Company is 31 December.

5. Articles of Association

The Articles of Association of the Company contain, *inter alia*, provisions to the following effect:

(a) **Objects**

The principal objects of the Company are to act as a general commercial company and to purchase, acquire and take options over any property whatever and any rights or privileges over or in respect of any property. Those objects are set out in clause 4 of its Memorandum (which is deemed to form part of its Articles by virtue of section 28 of the Act).

(b) **Voting rights**

Subject to paragraph (g) below, and to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every holder of Ordinary Shares who (being an individual) is present in person or by proxy (being a corporation) is present by a duly appointed representative shall have one vote and on a poll every member present in person or by a representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

The holders of Deferred Shares are not entitled to receive notice of or to attend (personally or by proxy) any general meeting of the Company or to vote (personally or by proxy) on any resolution proposed at such a meeting.

(c) **Variation of rights**

If at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares (excluding any shares of that class held as treasury shares) of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

The rights attaching to the Deferred Shares shall not be deemed to be varied or abrogated by the creation or issuance of any new shares ranking in priority to or *pari passu* with or subsequent to such shares. In addition, neither the passing by the Company of any resolution for the cancellation of the Deferred Shares for no consideration by means of a court-sanctioned capital reduction, or the obtaining, making or becoming effective of any such court order shall constitute a variation, modification, or abrogation of the rights attaching to the Deferred Shares.

(d) **Alteration of capital**

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person.

The Company may, subject to the Act, reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by a special resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

(e) **Transfer of shares**

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing and under hand in any usual or common form or in such other form as may be approved by the Directors and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share held in certificated form which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. In the case of uncertificated shares, the Directors may only refuse to register a transfer in accordance with the Uncertificated Securities Regulations. The Directors may also refuse to register a transfer of shares (whether fully paid or not) if the transfer is in favour of more than four persons jointly. Subject to that and to paragraph (g) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with. The registration of transfers in respect of certificated shares may be suspended by the Directors for any period not exceeding 30 days in a year.

(f) **Dividends**

(i) The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.

(ii) Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph (f) below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in

respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

- (iii) All dividends unclaimed for a period of 12 months after the payment date for such dividend shall if the Directors so resolve be forfeited and shall revert to the Company.
- (iv) The Directors may, if authorised by an ordinary resolution of the Company, offer the holders of shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend. The Directors may at their discretion make the right to participate in any such elections subject to restrictions necessary or expedient to deal with legal, regulatory or other difficulties in respect of overseas shareholders.
- (v) The holders of the Deferred Shares shall not be entitled to receive any dividend out of the profits of the Company available for distribution and resolved to be distributed in respect of any financial year or any other income or right to participate therein.

(g) **Suspension of rights**

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby, required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class (calculated exclusive of any treasury shares of that class) the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arm's length sale.

(h) **Return of capital**

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their ordinary shares. A liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator with the sanction of a special resolution may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

Holders of the Deferred Shares shall be entitled to receive the amount paid up on their shares after there shall have been distributed (in cash or *in specie*) to the holders of the ordinary shares, the amount of £100,000,000 in respect of each ordinary share held by them respectively. The Deferred Shares do not entitle their holders to any further or other right of participation in the assets of the Company.

(i) **Pre-emption rights**

There are no rights of pre-emption under the articles of association of the Company in respect of transfers of issued Ordinary Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

(j) **Shareholder Meetings**

Annual general meetings should be held within the time periods specified by the Act. Other general meetings may be called whenever the directors think fit or when one has been requisitioned in accordance with the Act. Two members present in person or by proxy (or, being a corporation, present

by a duly appointed representative) at the meeting and entitled to vote shall be a quorum for all purposes.

Annual general meetings or a meeting at which it is proposed to pass a resolution requiring special notice are called on at least 21 days' notice in writing, exclusive of the day on which the notice is served or deemed to be served and of the day on which the meeting is to be held. Other general meetings are to be called on 14 days' notice in writing exclusive of the day on which the notice is served or deemed to be served and the day on which the meeting is to be held. The annual general meeting may be called on shorter notice providing all members entitled to attend and vote agree and a general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, consent. Notice is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent.

The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting. In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote or a person nominated pursuant to the Company's Articles is entitled to appoint one or more proxies to attend and, on a poll vote instead of him/her, and that a proxy need not be a member.

(k) **Directors**

Save as provided in the Articles or by the terms of any authorisation given by the Directors, a director shall not vote as a director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he (or any person connected with him) has any interest (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company) and which conflicts or may conflict with the interests of the Company and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

The Directors may authorise a director to be involved in a situation in which the director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company and may impose such terms or conditions on the grant of such authorisation as they think fit and in doing so will act in such a way, in good faith, as they consider will be most likely to promote the success of the Company.

Fees may be paid out of the funds of the Company to directors who are not managing or executive directors at such rates as the Directors may from time to time determine provided that such fees do not in the aggregate exceed the sum of £400,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the Directors or any committee authorised by the Directors may determine.

The Directors (including alternate Directors) are entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.

A director may hold any other office or employment with the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No director or intending director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either with regard to his tenure of any other such office or place of profit, nor shall any such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any director or any person connected with him is in any

way interested (whether directly or indirectly) be liable to be avoided, nor shall any director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised from any such contract, arrangement, transaction or proposal by reason of such director holding that office or of the fiduciary relationship thereby established, if the director has disclosed his interest in accordance with the Act.

6. The Takeover Code

(a) Mandatory bids

The Company is incorporated in the UK and its Shares are and will be admitted to trading on AIM. Accordingly, the Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, any person who acquires an interest in shares (as defined in the Takeover Code), whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert (as defined in the Takeover Code) with them) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with them, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person or persons acting in concert with them, which increases the percentage of shares carrying voting rights in which they are interested.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and must be at the highest price paid by the person required to make the offer, or any person acting in concert with them, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

“Interests in shares” is defined broadly in the Takeover Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

“Voting rights” for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are presumed under the Takeover Code to be acting in concert with each other unless the contrary is established. For example, shareholders in a private company to which the Takeover Code applies, or who, following the re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the Takeover Code applies will be presumed by the Takeover Panel to be acting in concert with one another unless that presumption is rebutted.

As set out in paragraph 20 of Part I of this document, the Panel and the Company have agreed that for the purpose of the Takeover Code, the LS Concert Party are acting in concert with each other in relation to the Company. Immediately following Admission, the LS Concert Party will in aggregate hold approximately 22.05 per cent. of the voting rights in the Company.

(b) Squeeze-out rules

Under the Act, if a “takeover offer” (as defined in section 974 of the Act) is made by an offeror to acquire all of the shares in the Company not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which such offer relates (and, where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by such shares) the offeror could then compulsorily acquire the remaining shares.

The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration for the outstanding shares to the Company which would hold the consideration on trust for the relevant members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

(c) **Sell-out rules**

The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer.

If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. in value of the shares and not less than 90 per cent. of the voting rights carried by the shares in the Company, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his or her right to be bought out within one month of that right arising.

The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three-months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises their rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

7. Share option schemes

In 2018, the Company adopted an EMI share option scheme for senior employees which rewards option holders for delivering shareholder value, the principal provisions of which are summarised below.

- (a) Options vest in three equal tranches when certain share price targets have been reached. The share price targets will be calculated as the greater of:
 - (i) the following share price targets:
 - (a) 4.8 pence per Existing Ordinary Share;
 - (b) 7.3 pence per Existing Ordinary Share; and
 - (c) 9.7 pence per Existing Ordinary Share; as well as
 - (ii) the share price targets calculated using the following criteria:
 - (a) the Company's closing mid-market share price on the business day prior to grant multiplied by 2;
 - (b) the Company's closing mid-market share price on the business day prior to grant multiplied by 3; and
 - (c) the Company's closing mid-market share price on the business day prior to grant multiplied by 4.
- (b) The options granted fully vest in the event that the Company is acquired.
- (c) The exercise price of the options is the Company's prevailing share price at the time of grant.
- (d) Ordinary Shares obtained as a result of the exercise of options under the scheme must be held for at least 12 months, except in the event that the Company is acquired.
- (e) The maximum amount of Ordinary Shares under option under the scheme must not be more than 15 per cent. of the Company's issued share capital.

- (f) The options lapse 10 years from the date of grant. As outlined in paragraph 3(d) of this Part VII, as at 31 December 2022 there were no outstanding options.

8. Directors', senior managers' and other interests

- (a) The names of the Directors of the Company are set out under "Directors, Senior Managers and Employees" at paragraph 9 of Part I of this document.
- (b) The interests of each Director and Senior Manager all of which are beneficial (except as noted below), in the share capital of the Company are as follows:

	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>% of Existing Share Capital</i>	<i>Number of New Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
Simon Wilkinson	100,000,000	3.8	228,571	2.99
Dr Nigel Burton	85,000,000	3.21	204,571	2.68
Carmen Carey	nil	nil	57,142	0.75
Mahmoud Warriah	nil	nil	114,285	1.50
Petar Cvetkovic	25,000,000	0.94	40,000	0.52
Robert Whittick	nil	nil	nil	nil
Timothy Cox	nil	nil	nil	nil
Axel Lagerborg	nil	nil	nil	nil
Daniel Greenall	nil	nil	nil	nil

- (c) Save as disclosed above in this paragraph 8 of this Part VII and at paragraph 3(c) of this Part VII (Warrants), no Director or Senior Manager has any interest in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors or Senior Managers (within the meaning of section 252 of the Act) have any such interests, whether beneficial or non-beneficial.

- (d) Other than in respect of the Company, the Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

- (i) Simon Wilkinson

Current Directorships/Partnerships:

- Relative Insight Limited (06236082)
- The Hiring Hub Holdings Limited (08203080)
- The Hiring Hub Limited (07425227)
- Location Sciences AI Limited (05523420)
- Project Airscope Bidco Limited (13606854)
- IEG Group Limited (13616885)
- RM222 Limited (08415248)

Former Directorships/Partnerships:

- Mobica Bidco Limited (09792304)
- Mobica Holdings Limited (09787771)
- Mobica Limited (05169596)
- Mobica Limited Sp. Zo.o
- Darcey Wilkinson Equestrian Limited (08952540)
- Mobica Technologies Poland Sp. Zo.o
- Mobica US Inc
- Mobica GmbH
- Project Robin II Limited (07231069)

(ii) Dr Nigel Burton

Current Directorships/Partnerships:

- Location Sciences AI Limited (05523420)
- Microsaic Systems PLC (03568010)
- Blackrock Throgmorton Trust PLC (00594634)
- Deepverge PLC (10205396)
- eEnergy Holdings Limited (12263963)
- Streams Data Limited (12465454)
- eEnergy Group PLC (05357433)
- Highbec Limited (04613956)
- Wasdale Head Inn Limited (02684628)
- Wasdale Head Limited (04147055)
- Tau Capital plc
- Mobile Streams Inc (US)

Former Directorships/Partnerships:

- Ukaerovision Limited (08795638)
- Strat Aero International Limited (08813081)
- ASD Visual Aids Ltd (06715721)
- SenseToys Limited (05472050)
- Mobile Streams PLC (03696108)
- Modern Water Limited (05963927)
- Digitalbox PLC (04606754)
- Corcel PLC (05227458)
- Gyrometric Systems Limited (05154449)
- Nanosynth Group PLC (09109008)
- Guardian Global Security Plc (06370792)

(iii) Carmen Carey

Current Directorships/Partnerships:

- Sorted Holdings Limited (08609014)
- Sorted Group Limited (09060564)
- Clicksit App Limited (09510373)

Former Directorships/Partnerships:

- Big Data Partnership Limited (07904824)
- Brady Credit Holding Limited (04033263)
- Brady Credit Limited (04016397)
- Brady Credit Trading Limited (03056866)
- Brady Energy UK Limited (SC195633)
- Brady Technologies Limited (02164768)
- Quor Group Limited (07834364)

(iv) Mahmoud Warriah

Current Directorships/Partnerships:

- Sorted Holdings Limited
- Maheto Services Ltd (12708209)
- Linden Business Development Limited (08515230)
- Chinapakservices Limited (13026637)
- Businessbrainz Limited (11521018)
- Blocadoodledoo Limited (11410747)
- Wordwall Limited (11269394)
- Talkwordwall Limited (11235673)
- Spencersedgewick Limited (11034949)
- Hyperchain Consultancy Limited (10925416)
- Hyperchaincom Limited (10719477)
- Dawson Business Development Limited (05595244)
- Wedderleigh Management Company Limited (01539062)

Former Directorships/Partnerships:

- Liverpool Society of Chartered Accountants (00004869)
- Darkchain Limited (10261864)
- LMJHK Holdings Limited (10582346)

(v) Petar Cvetkovic

Current Directorships/Partnerships:

- Welford Business Services Limited (12656994)
- Welford Investments Limited (11092999)
- Leicester Football Club Plc (03459344)

Former Directorships/Partnerships:

- Individual Protection Solutions LTD (10764140)

- (e) Mr. Wilkinson was a director of S&J Wilkinson Limited which was wound up following a court order under the Insolvency Act 1986. A notice was given on 30 January 1997 which stated that the winding-up of the company was complete.
- (f) Dr. Burton was a director of Pease Limited within the 12 months prior to the company appointing a liquidator in June 1998. The company was subsequently liquidated in 2002 pursuant to a creditor voluntary liquidation.
- (g) Ms. Carey was a director of CP 100 Limited from 26 February 2008 to 3 December 2010. CP 100 Limited was placed into administration on 1 April 2011. On 16 March 2012, notice to move the company from administration to dissolution was filed. CP 100 Limited subsequently was dissolved on 20 June 2012.
- (h) Mr. Cvetkovic was a director of Individual Protection Solutions Ltd between 2 October 2018 to 26 October 2021. On 5 April 2022 liquidators were appointed pursuant to a creditors voluntary winding up in relation to Individual Protection Solutions Ltd. As at the date of this document, the liquidation remains ongoing and on 1 June 2023 it was reported that there were 24 ordinary unsecured creditors, with estimated claims totalling £1,315,627.00.
- (i) Save as disclosed above, no Director:
- (i) has any unspent convictions in relation to indictable offences;
 - (ii) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director;
 - (iii) has been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors while he or she was a director of that company or within the 12 months after he or she ceased to be a director;
 - (iv) has been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement or where the assets of any such partnership have been subject of a receivership while he was a partner in that partnership or within the 12 months after he or she ceased to be a partner in that partnership;
 - (v) has been the owner of any asset or been a partner in any partnership which owned any asset which while he or she owned that asset, or while he or she was a partner or within the 12 months after he or she ceased to be a partner in the partnership which owned the asset, which has at any time been the subject of a receivership;
 - (vi) has been the subject of any public criticism and/or investigation by any statutory or regulatory authority (including recognised professional body); or
 - (vii) has ever been or is disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.
- (j) So far as the Directors are aware, no person, directly or indirectly, jointly or severally, exercises or could exercise ownership or control over the Company.
- (k) So far as the Directors are aware, there are no arrangements the operation of which may at a later date result in a change of control of the Company.

- (l) Save as disclosed in paragraph 8(b) above, and as set out below, the Company is not aware of any person who is directly or indirectly interested in 3 per cent. or more of the issued share capital or voting rights of the Company:

	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>% of Existing Share Capital</i>	<i>Number of New Ordinary Shares</i>	<i>% of Enlarged Share Capital</i>
Richard Hughes	200,000,000	7.55	320,000	4.19
Mahmud Kamani	200,000,000	7.55	320,000	4.19
Monecor (London) Limited	142,004,355	5.36	227,206	2.97
Turner Pope Investments (TPI) Limited	132,325,000	5.00	211,720	2.77
Spreadex Limited*	120,214,200	4.54	192,342	2.52
Cantor Fitzgerald Europe Shard Credit Partners Venture Debt Fund I LP	112,000,000	4.23	179,200	2.35
	nil	nil	2,752,140	36.02
SDI (Retail Co 8) Limited	nil	nil	285,714	3.74

* *Spreadex Limited's current interest in the Company is held via a contract for difference/spreadbet financial instrument.*

- (m) None of the Company's major holders of shares listed above has voting rights which are different from other holders of Ordinary Shares.
- (n) There are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director or Senior Manager.
- (o) No Director or Senior Manager is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group or the Enlarged Group and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during any earlier financial year and remains in any respect outstanding or unperformed.
- (p) In respect of the Directors and Senior Managers, there are no conflicts of interest between any duties they have to the Company or the Sorted Group and their private interests and/or other duties they may have.

9. Directors service contracts

- (a) The services of Simon Wilkinson as non-executive Director and Chairman are provided under the terms of an agreement between the Company and Simon Wilkinson dated 4 May 2021, as amended by an amendment letter dated 29 January 2024, for an initial period of three years, continuing thereafter subject to termination upon at least three months' notice, at an initial fee of £60,000 per annum.
- (b) The services of Dr Nigel Burton as non-executive Director are provided under the terms of an agreement between the Company and Dr Nigel Burton dated 4 May 2021, as amended by an amendment letter dated 29 January 2024, for an initial period of three years, continuing thereafter subject to termination upon at least three months' notice, at an initial fee of £60,000 per annum.
- (c) Save as set out in paragraphs (a) and (b) above, there are no service agreements in existence between any of the Existing Directors and the Company or any of its subsidiaries which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.
- (d) On the day before the date of publication of this document Carmen Carey entered into a service agreement with the Company for an undetermined period, subject to termination upon six months' notice by either party. The agreement provides for an annual salary of £225,000, membership of a private medical scheme, permanent health insurance, life assurance cover and pension contributions of five per cent. of her salary.

- (e) On the day before the date of publication of this document Mahmoud Warriah entered into a service agreement with the Company for an undetermined period, subject to termination upon six months' notice by either party. The agreement provides for an annual salary of £200,000, membership of a private medical scheme, permanent health insurance, life assurance cover and pension contributions of five per cent. of his salary.
- (f) On the day before the date of publication of this document Petar Cvetkovic was appointed as non-executive Director pursuant to the terms of an appointment letter with the Company for an initial period of two years, continuing thereafter subject to termination upon at least three months' notice, at an initial fee of £60,000 per annum.

10. Corporate governance

The Company has published on its AIM Rule 26 section of its website details of how it complies with the QCA Code and where it departs from the QCA Code and explanations for the reasons of doing so.

In accordance with Rule 26 of the AIM Rules for Companies, the Enlarged Group confirms that it has adopted the Corporate Governance Code for small and mid-sized companies published by the Quoted Companies Alliance in April 2018 and most recently updated in 2023 (the "**QCA Code**"). This information is set out below. The Enlarged Group will review this information annually in accordance with the requirements of AIM Rule 26.

The QCA Code is based on ten principles that focus on the pursuit of medium to long term value for shareholders. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. The New Board has considered how we apply each principle to the extent that the New Board judges these to be appropriate in view of the Enlarged Group's size, strategy, resources and stage of development, and below we provide an explanation of the approach taken in relation to each.

The New Board members have a range of skills covering industry specific matters as well as financial experience. The new additions to the New Board bring with them additional experience in capital markets on which the Enlarged Group will draw following Admission.

Following Admission, the New Board is expected to meet at least once every month to review, develop and approve the Enlarged Group's strategy, budgets and corporate actions and oversee the Group's progress towards its goals. The New Board has established an Audit Committee chaired by Dr. Nigel Burton who is supported by Petar Cvetkovic as a committee member, a Remuneration Committee chaired by Petar Cvetkovic who is supported by Dr. Nigel Burton and Simon Wilkinson as committee members and lastly a Nomination Committee chaired by Dr. Nigel Burton who is supported by Petar Cvetkovic as a committee member. Each committee has formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the New Board to consider specific issues when the need arises.

Principles of the QCA Code

The Enlarged Group will comply with the ten principles of the QCA Code on a "comply or explain basis", with effect from Admission as detailed below.

Like all aspects of the QCA Code, addressing the disclosure requirements is not approached as a compliance exercise; rather it is approached with the mindset of explaining and demonstrating the Enlarged Group's good governance to external stakeholders. The role of the Non-Executive Chair is to lead the board and to oversee its function and direction. The Non-Executive Chair has the overall responsibility for implementing an appropriate corporate governance regime.

Principle 1: Establish a business strategy and business model which promote long-term value for shareholders

The Enlarged Group business model and strategy is set out in Part I of the Admission Document. The Directors believe that the Enlarged Group model and growth strategy will help to promote long-term value

for shareholders. An update on strategy will be given from time to time in the strategic report that is included in the annual report and accounts of the Enlarged Group.

The principal risks facing the Enlarged Group are set out in Part II of the Admission Document. The Directors will continue to take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Admission, including implementing a risk management framework.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Directors recognises the importance of communication with its stakeholders and is committed to establishing constructive relationships with Existing Shareholders, new investors and potential investors in order to assist it in developing an understanding of the views of its shareholders.

There will be an active dialogue maintained with shareholders. Shareholders will be kept up to date via announcements made through a regulatory information service on matters of a material substance and/or a regulatory nature. Updates will be provided to the market from time to time, including any financial information, and any expected material deviations to market expectations will be announced through a regulatory information service and in accordance with its obligations under the AIM Rules for Companies and the UK Market Abuse Regulation ("UK MAR"), for which it has adopted appropriate policies to ensure compliance.

In due course following Admission, the Enlarged Group's annual report and notice of annual general meeting ("AGM") will be sent to all shareholders of the Enlarged Group and will be available for download from the Enlarged Group's website. Shareholders are encouraged to attend the annual general meeting in order to express their views on the Enlarged Group's business activities and performance and will be provided with an opportunity to ask questions during the formal business or, more informally, following the meeting.

The Directors are keen to ensure that the voting decisions of shareholders are reviewed and monitored, and the Enlarged Group intends to engage with shareholders who do not vote in favour of resolutions at AGMs.

The Company Secretary is the main point of contact for such matters. The Directors have also undertaken to organise various events throughout the year (presentations, seminars, webinars) for existing and potential shareholders to gain a greater understanding of the Enlarged Group's strategy, products and market.

All contact details for investor relations are included on the Enlarged Group's website.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Enlarged Group takes its corporate social responsibilities very seriously and is focused on maintaining effective working relationships across a wide range of stakeholders including shareholders, staff, and customers part of its business strategy. The Directors will maintain an ongoing and collaborative dialogue with such stakeholders and take all feedback into consideration as part of the decision-making process and day-to-day running of the business.

The Directors will maintain regular dialogue with staff through monthly newsletters and formal and informal staff meetings which provide opportunities to receive feedback on issues affecting the Enlarged Group.

The Enlarged Group encourages feedback from its suppliers through frequent communication with them.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The principal risks facing the Enlarged Group are set out in Part II of this document. The Directors will take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Admission. A review of these risks will be carried out at least on an annual basis, the results of which will be included in the Enlarged Group's annual report and accounts going forward. The New Board has overall responsibility for the determination of the Enlarged Group's risk management objective and policies and has also established the Audit Committee.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The Enlarged Group's New Board will comprise of five Directors, two of whom will be Executive Directors and three of whom will be Non-Executive Directors (which includes the Non-Executive Chair), reflecting a blend of different experiences and backgrounds. The biographies of the Directors are set out in paragraph 9 of Part I of the Admission Document. The Directors consider that the New Board combines a blend of sector and market expertise, with an effective Executive Management team and appropriate oversight by independent Non-Executive Directors. The Directors believe that the composition of the New Board brings a desirable range of skills and experience in light of the Enlarged Group's challenges and opportunities following Admission.

The New Board will meet regularly, and processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties. The New Board is also supported by the Audit Committee, the Nomination Committee and the Remuneration Committee.

The QCA Code recommends that that a board should comprise of a balance of executive and non-executive directors, with at least two non-executive directors being independent. The QCA Code suggests that independence is a board judgement, but where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained. Excluding Simon Wilkinson, Dr. Nigel Burton and Petar Cvetkovic are considered to be independent for the purpose of the QCA Code. In this respect, while Dr. Nigel Burton's shareholding in the Enlarged Group is acknowledged, Dr. Nigel Burton interest in the Enlarged Group is largely the result of the receipt of ordinary shares *in lieu* of cash to historically facilitate cost-savings for the Company, rather than actively seeking an equity interest. With this in mind and noting that Dr. Nigel Burton is not an employee of the Enlarged Group nor holds a business relationship with the Enlarged Group, the New Board is satisfied that he brings independent judgment to bear in his role as a non-executive director and is therefore able to resist inappropriate demands from executive directors and senior management. Similarly, noting that Petar Cvetkovic is not an employee of the Enlarged Group, does not have a business relationship with the Enlarged Group and is not a significant shareholder in the Enlarged Group, the New Board is satisfied that Petar Cvetkovic is able to exercise independent judgement as a Non-Executive Director of the Enlarged Group, notwithstanding Petar Cvetkovic being a member of the LS Concert Party. In any event, the New Board intends to appoint a further independent non-executive director to the board of directors of the Enlarged Group within 12 months from Admission.

Principle 6: Ensure that between them the Directors have the necessary up to date experience, skills and capabilities

The skills and experience of the Directors are summarised in their biographies set out in paragraph 9 of Part I of the Admission Document.

The Directors believe that the New Board has a balance of sector, financial and public market skills and experience appropriate for the size and stage of current development of the Enlarged Group and that the New Board has the skills and requisite experience necessary to execute the Enlarged Group's strategy and business plan whilst also enabling each director to discharge his or her fiduciary duties effectively. Experiences are varied and contribute to maintaining a balanced board that has the appropriate level and range of skill to develop the Enlarged Group. The New Board is not dominated by one individual and all Directors have the ability to challenge proposals put forward to the meeting, democratically.

The Nomination Committee oversees the process and makes recommendations to the New Board on all new board appointments. Where new Board appointments are considered, the search for candidates is conducted, and appointments are made, on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. While the New Board has not yet adopted any formal policy on gender balance, ethnicity or age group, it is committed to fair and equal opportunity and fostering diversity subject to ensuring appointees are appropriately qualified and experienced for their roles. The Nomination Committee also considers succession planning.

The Enlarged Group retains the services of independent advisors including financial, legal, and investor relations advisers that are available to the Directors and who provide support and guidance to the Directors and complement the Enlarged Group's internal expertise.

The Directors will carry out an evaluation of the New Board's performance annually, taking into account the Financial Reporting Council's Guidance on Board Effectiveness. The Company Secretary supports the Chairman in addressing the training and development needs of the Directors.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Directors will consider the effectiveness of the New Board, the Audit Committee, the Nomination Committee, the Remuneration Committee, and the individual performance of each Director. The outcomes of performance will be described in the annual report and accounts of the Enlarged Group.

All Directors undergo a performance evaluation before being proposed for re-election to ensure that their performance is, and continues to be, effective, that where appropriate they maintain their independence and that they are demonstrating continued commitment to the role. New Directors resign and stand for re-election at the Enlarged Group's first AGM following their appointment. One-third of continuing Directors stand for re-election on an annual basis. Simon Wilkinson was last re-elected as a director by shareholders at the Company's annual general meeting held on 28 July 2023. Dr Nigel Burton was last re-elected as a director by shareholders at the Company's annual general meeting held on 30 June 2022.

The Directors considers that the corporate governance policies it has in place for New Board performance reviews are commensurate with the size and development stage of the Enlarged Group. As the Enlarged Group grows, the New Board, will re-consider the need for board evaluation.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Directors recognises that their decisions regarding strategy and risk will impact the corporate culture of the Enlarged Group and that this will impact performance. The culture is set by the Directors and is considered and discussed at meetings involving the Directors and the New Board is aware that the tone and culture its sets impact all aspects of the Enlarged Group and the way that employees behave. The Directors will promote a culture of integrity, honesty, trust and respect and all employees of the Enlarged Group are expected to operate in an ethical manner in all of their internal and external dealings.

The employee handbook and policies promote this culture and include such matters as whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees. The Directors will take responsibility for the promotion of ethical values and behaviours throughout the Enlarged Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Enlarged Group. The Enlarged Group also has an established code for directors' and employees' dealings in the Enlarged Group's securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with Rule 21 of the AIM Rules and compliant with UK MAR.

The Directors believe that a long-term sustainable business model is essential for discharging the Directors' responsibility to promote the success of the Enlarged Group, its employees, shareholders and other stakeholders of the business. In considering the Enlarged Group's strategic plans for the future, the Directors proactively consider the potential impact of its decisions on all stakeholders within its business, in addition to considering the broader environmental and social impact as well as the positive impact it can have within the local communities in which the Enlarged Group operates.

The Enlarged Group fully endorses the aims of the Modern Slavery Act 2015 and takes a zero-tolerance approach to slavery and human trafficking within the Enlarged Group and its supply chain.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Chair leads the board of Directors and is responsible for its governance structures, performance and effectiveness. The board of Directors retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team.

The roles of Chair and Chief Executive Officer are split, and Carmen Carey is Chief Executive Officer who, supported by the other executive Directors, is responsible for the operation of the business and delivering the strategic goals agreed by the board of Directors. Dr. Nigel Burton and Petar Cvetkovic are responsible for bringing independent and objective judgement to the Executive Directors decisions and are all considered

to be independent and were selected with the objective of bringing experience and independent judgement to the board of directors the Enlarged Group.

The board of Directors of the Enlarged Group is supported by the Audit Committee, the Nomination Committee and the Remuneration Committee. There are certain material matters which are reserved for consideration by the full New Board and these are formally recorded. Each of the committees has access to information and external advisers, as necessary, to enable the committee to fulfil its duties.

The New Board intends to review the Enlarged Group's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Responses to the principles of the QCA Code and the information that will be contained in the Enlarged Group's annual report and accounts provide details to all stakeholders on how the Enlarged Group is governed. The New Board is of the view that the annual report and accounts as well as its half year report and the Enlarged Group's website will be the key communication channels through which progress in meetings the Enlarged Group's objectives and updating its strategic targets can be given to the shareholders following Admission.

Additionally, the Directors will use the Enlarged Group's annual general meetings as a mechanism to engage directly with shareholders, to give information and receive feedback about the Enlarged Group and its progress.

On Admission, the Enlarged Group's website in compliance with the AIM Rules, will be updated on a regular basis with, *inter alia*, information regarding the Enlarged Group's details of relevant developments, regulatory announcements, financial reports and shareholder circulars.

All contact details for investor relations are included on the Enlarged Group's website.

(a) Related party transactions

(i) Financial year ended 31 December 2023 and current financial year to the date of this document
None.

(ii) Financial Year ended 31 December 2022
None.

(iii) Financial Year ended 31 December 2021

During the year purchases of £59,129 were made from Alderslade Limited, a company of which K Harrison (then a director of the Company), was a director. As at 31 December 2021, the balance owed to Alderslade Limited was nil.

During the year purchases of £36,000 were made from Chilkins Limited, a company of which B Chilcott (then a director of the Company), was a director. As at 31 December 2021, the balance owed to Chilkins Limited was nil.

During the year, the directors supported the Company by participating in the placing and subscription in May 2021, as described in more detail in paragraph 4(l) above.

(iv) Financial Year ended 31 December 2020

During the year purchases of £26,250 were made from Alderslade Limited, a company of which K Harrison (then a director of the Company), was a director. As at 31 December 2020, the balance owed to Alderslade Limited was £3,000.

11. Introduction Agreement and Subscription

(a) The Introduction Agreement dated 29 January 2024 between (1) Allenby Capital, (2) the Existing Director, (3) the New Directors and (4) the Company, pursuant to which Allenby Capital has agreed to

act as the Company's nominated adviser in relation to Admission. The agreement is conditional, *inter alia*, upon Admission taking place on or before 19 February 2024 or such later date as Allenby Capital and the Company may agree but in any event not later than 4 March 2024. The Company will pay to Allenby Capital a corporate finance fee, together with all costs and expenses and VAT thereon where appropriate. The agreement provides for the Company to pay all expenses of and incidental to the application for Admission, including the fees and costs of other professional advisers. The Company and the Directors have given certain warranties to Allenby Capital and the Company has indemnified Allenby Capital from and against all liabilities in connection with Admission and related matters.

- (b) Allenby Capital may terminate the Introduction Agreement in specified circumstances prior to Admission, including in the event of a material breach of the Admission Agreement or of any of the warranties contained in it, or where any change in national or international, financial, monetary, economic, political or market conditions in the opinion of Allenby Capital makes it inadvisable for Allenby Capital to perform its obligations under the Introduction Agreement.
- (c) The Company has entered into Subscription Letters with the Subscribers, pursuant to which each Subscriber agrees to subscribe for their Subscription Shares at the Subscription Price and gives certain customary representation and warranties. The obligations of the Company and the Subscribers are conditional upon, *inter alia*, the Introduction Agreement becoming unconditional and upon Admission occurring.

12. Material contracts of the Group

The following contracts, not being in the ordinary course of business, have been entered into by the Group or the Sorted Group in the two years preceding the date of this document and are, or may be, material or are, or may, contain provisions under which any member of the Group or the Sorted Group has an obligation or entitlement which is material to the Group or the Sorted Group:

(a) **Introduction Agreement**

The Introduction Agreement, details of which are set out in paragraph 11(a) of this Part VII of this document.

(b) **Acquisition Agreement**

The Acquisition Agreement, whereby the Company agreed to the Acquisition in consideration for approximately £66.73 to be paid to all holders of all shares in the capital of Sorted Holdings Limited and the Warrantors agreed, for consideration of £66.73 in aggregate, to give certain warranties and restrictive covenants.

The Acquisition Agreement has been entered into by (i) the Company, (ii) the Core Sellers and (iii) the Warrantors. It is intended that the Core Sellers will procure the sale of the Minority Sellers shares under the terms of the Drag Along. Successful completion of the Drag Along is a condition of the Acquisition Agreement. The Core Sellers also agreed to give certain fundamental warranties in relation to their shares in the capital of Sorted Holdings Limited.

Other conditions of the Acquisition Agreement include, among others: (i) the Resolutions being passed, (ii) the Subscription being successfully completed and (iii) no material adverse change having occurred.

(c) **Shard Debenture Accession**

The Company and Shard Credit Partners Venture Debt I S.à.r.l shall enter into an accession deed to the Shard Debenture (as detailed in paragraph 13(b) below) upon completion of the Acquisition. Pursuant to the accession deed, the Company shall accede to the Shard Debentures as a new charger, granting equivalent security.

(d) **Debt Conversion Agreement**

The Company, Sorted Holdings Limited, Sorted Group Limited, Shard Credit Partners Venture Debt I S.à.r.l and Shard shall enter into a Debt Conversion Agreement, pursuant to which, immediately following completion of the Acquisition Agreement:

- (i) Shard Credit Partners Venture Debt I S.à.r.l will assign the PIK notes (constituted pursuant to the PIK Note Instrument detailed at paragraph 13(k) below), to Sorted Holdings Limited, in consideration for a sum left outstanding as a loan owed by Sorted Holdings Limited to Shard Credit Partners Venture Debt I S.à.r.l (the “**Consideration Loan**”).
- (ii) Shard Credit Partners Venture Debt I S.à.r.l will assign and transfer all interest in the Consideration Loan and the Shard Loan Notes (detailed at paragraph 13(i) below) to the Company, in exchange for the CLN Shares being issued and allotted to Shard Credit Partners Venture Debt I S.à.r.l. The Consideration Loan and the Shard Loan Notes shall remain outstanding between Sorted Holdings Limited and the Company; and
- (iii) Shard Credit Partners Venture Debt I S.à.r.l will assign and transfer the right to receive the CLN Shares to Shard, such that the CLN Shares will be issued to Shard.

(e) **Subscription Letters**

- (i) Shard Subscription Letter

The Shard Subscription Letter, details of which are set out in paragraph 11(b) of this Part VII of this document.

- (ii) Individual Subscription Letters

The Subscription Letters to be entered into with the Subscribers (including Shard and Mahmoud Warriah), details of which are set out in paragraph 11(b) of this Part VII of this document.

(f) **Nominated adviser agreement**

A nominated adviser agreement dated 29 January 2024 and made between (1) the Company, (2) Allenby Capital (3) the Existing Directors and (4) the New Directors pursuant to which the Company has appointed Allenby Capital to act as nominated adviser to the Company for the purposes of the AIM Rules.

The nominated adviser agreement contains certain customary undertakings and warranties given by the Company and its then directors to Allenby Capital and a customary indemnity given by the Company to Allenby Capital in respect of liabilities arising out of or in connection with their appointment.

The Company has agreed to pay certain fees, costs and expenses in connection with Allenby Capital's appointment.

The nominated adviser agreement is terminable upon not less than three months' prior written notice by either the Company or Allenby Capital.

(g) **Relationship Agreement**

The Company will enter into a relationship agreement with Shard Credit Partners Venture Debt Fund I LP (“**Shard**”) as substantial shareholder and Allenby Capital. The relationship agreement is conditional upon Admission occurring in accordance with the terms of the Shard Subscription Letter, and will regulate the relationship between Shard and the Company for so long as Shard, together with its “Associates” and any persons deemed to be acting in concert with it, hold at least 30 per cent. of the issued share capital of the Company.

The relationship agreement provides for the autonomous operation of the Company by the Directors and takes effect on Admission and pursuant to it, Shard undertakes, *inter alia*, that it will (and, in relation to its “Associates”, will procure that each of its associates will): (i) conduct all transactions, agreements, relationships and arrangements with the Company on an arm's length basis and on normal commercial terms; (ii) ensure that no contract or arrangement between Shard and any member of the Enlarged Group is entered into or varied without the prior approval of a majority of independent Non-Executive Directors; and (iii) procure that the Enlarged Group will be managed for the benefit of Shareholders as a whole and independently of Shard and any member its group.

(h) **Bidco 3 Facility Agreement**

Pursuant to a facility agreement dated on or around 24 January 2024, Bidco 3 Limited as lender agreed to provide a facility of up to £3,000,000 to the Company, which, subject to the satisfaction of certain condition precedent, will be available for drawdown to be used for, *inter alia*, the purpose of the Company's general working capital (the "**Bidco 3 Facility Agreement**"). Borrowings under the facility will accrue interest daily at 1.5 per cent. per month, and shall be repayable on 31 January 2026. The loan is subject to customary events of default and an arrangement fee of £125,000 is payable to the lender, which can be satisfied in cash or by the issuance of shares at the lender's option.

(i) **LSG Loan Agreement**

The convertible loan agreement dated 27 June 2023, pursuant to which the Company agreed to provide an on-demand loan facility to Sorted Holdings Limited in the aggregate amount of £2,600,000.00 (subject to the satisfaction of certain conditions precedent, including but not limited to the LSG Debenture, LSG Intercreditor Agreement and LSG Standstill Letter, as detailed at paragraphs (i) to (l) below). Pursuant to the terms of the LSG Loan Agreement, the Company is entitled to convert any sums owing thereunder into shares in the capital of Sorted Holdings Limited comprising as nearly as possible 100 per cent. of its fully diluted share capital, such shares ranking *pari passu* with the most senior class of shares in the capital of the Sorted Holdings Limited.

(j) **LSG Debenture**

As a condition precedent to drawdown under or in connection with the LSG Loan Agreement, on 27 June 2023 each of Sorted Holdings Limited, Sorted Group Limited and Clicksit App Limited granted fixed and floating charge security over their respective assets and undertakings as security for the obligations of Sorted Holdings Limited under the LSG Loan Agreement, including (but not limited to), fixed charge security over the shares held by Sorted Holdings Limited in each of Sorted Group Limited, Clicksit App Limited and Sorted EBT Limited.

(k) **Intercreditor Agreement**

As a condition precedent to drawdown under or in connection with the LSG Loan Agreement, on 27 June 2023, each of:

- (i) the Company (as first creditor);
- (ii) Shard Credit Partners Venture Debt I S.à.r.l (as second creditor);
- (iii) Northern Venture Trust plc, Northern VCT plc and Northern 3 VCT plc (as junior creditors);
- (iv) Sorted Holdings Limited, Sorted Group Limited and Clicksit App Limited (as intra-group creditors); and
- (v) Darren Carter, Arete Investors 16 (Nominees) Limited, Chrysalis Investments Limited and Christine Carey (as convertible loan creditors),

(together the junior creditors, the intra-group creditors and the convertible loan creditors are the "**Subordinated Creditors**"),

agreed that LSG Loan Agreement and LSG Debenture entered into by the Company would rank in priority to each of the second creditor and Subordinated Creditors' respective debt and security (to the extent applicable) interests (including, but not limited to, the Shard Debenture), and standard provisions relating to turnover and limitations on enforcement would apply for the period from 27 June 2023 to and including the earlier of (a) repayment of the Company or (b) Admission (the "**Subordination Period**"). Following expiry of the Subordination Period, the Intercreditor Agreement ceases to apply and shall be superseded and replaced by the Bidco 3 Intercreditor Agreement.

(l) **LSG Standstill Letter**

As a condition precedent to drawdown under or in connection with the LSG Loan Agreement, and pursuant to the terms of the LSG Standstill Letter originally dated 27 June 2023, each of the Subordinated Creditors and Shard Credit Partners Venture Debt I S.à.r.l agreed that they shall have no entitlement to take any action under their respective finance documents entered into with any of Sorted Holdings Limited, Sorted Group Limited or Clicksit App Limited until the earlier of:

- (i) 28 February 2024;
- (ii) the date on which the Admission occurs; and
- (iii) the occurrence of certain specified termination events.

(m) **Bidco 3 Intercreditor Agreement**

Upon completion of the Acquisition and further to the Bidco 3 Facility Agreement, Shard Credit Partners Venture Debt I S.à.r.l, the Subordinated Creditors, the Company and Bidco 3 Limited shall enter into a further intercreditor agreement, pursuant to which the parties agree that Shard would be the first creditor and rank in priority to each of their respective debt and security (to the extent applicable) interests. The Bidco 3 Intercreditor Agreement contains standard provisions relating to turnover and limitations on enforcement and replaces the Intercreditor Agreement (referred to at paragraph (k) above).

13. Material Contracts of the Sorted Group

The following contracts, not being in the ordinary course of business, have been entered into by Sorted in the two years preceding the date of this document and are, or may be, material or are, or may, contain provisions under which any member of the Sorted Group has an obligation or entitlement which is material to the Sorted Group:

(a) **Shard Facility Agreement**

Pursuant to the facility letter dated on or around 22 August 2022, Shard Credit Partners Venture Debt I S.à.r.l provided Sorted Group Limited with a committed facility (for general corporate purposes) of £3,000,000.00, which may be increased by a further £5,000,000.00 subject to the satisfaction of certain conditions precedent. Sorted Group Limited is required to pay all interest and accrued interest upon the loans under the Shard Facility Agreement in quarterly instalments on 31 March, 30 June, 30 September and 31 December each year. The Shard Facility Agreement is repayable in full on the "Maturity Date", being the date falling 5 years from drawdown. Conditions precedent to utilisation of the Shard Facility Agreement included (but were not limited to):

- (i) First ranking all asset debenture to be provided by each of Sorted Holdings Limited, Sorted Group Limited and Clicksit App Limited over their respective assets and undertakings as security for Sorted Holdings Limited's obligations under the Shard Facility Agreement, including (but not limited to), fixed charge security over the shares held by Sorted Holdings Limited in each of Sorted Group Limited, Clicksit App Limited and Sorted EBT Limited ("**Shard Debenture**");
- (ii) entry by Shard Holdings Limited into a warrant instrument for the issuance of 400 H shares in the capital of Sorted Holdings Limited in favour of Shard, including the disapplication of any pre-emption rights in accordance with the terms of the instrument ("**Shard Warrant Instrument**"). Pursuant to the Shard Consent Letter (detailed at paragraph 13(j) below), the Shard Warrant Instrument will terminate on completion of the Acquisition; and
- (iii) entry into a subordination agreement by Northern Venture Trust plc, Northern 2 VCT plc and Northern 3 VCT plc (as junior lenders) ("**NVM**") and each of Sorted Holdings Limited, Sorted Group Limited and Clicksit App Limited (as intra-group lenders), pursuant to which the debt and security interests of NVM and each of Sorted Holdings Limited, Sorted Group Limited and Clicksit App Limited pursuant to any inter-company arrangement were subordinated to that of Shard ("**Shard Subordination Deed**").

(b) **Shard Debenture**

As detailed at paragraph (a)(i) above.

(c) **Shard Warrant Instrument**

As detailed at paragraph (a)(ii) above.

(d) **Shard Subordination Deed**

As detailed at paragraph (a)(iii) above.

(e) **LSG Loan Agreement**

As detailed at paragraph 12(i) above.

(f) **LSG Debenture**

As detailed at paragraph 12(j) above.

(g) **Intercreditor Agreement**

As detailed at paragraph 12(k) above.

(h) **Standstill Letter**

As detailed at paragraph 12(l) above.

(i) **Shard Loan Notes**

Pursuant to the terms of a loan note instrument dated 26 April 2016, as amended by a deed of amendment dated 30 April 2021, Sorted has issued £250,000 in unsecured loan notes to certain noteholders with a maturity date of 31 January 2023.

Pursuant to a deed of amendment dated 29 January 2024, the maturity date on these unsecured loan notes has been extended to 31 January 2026.

(j) **Shard Consent Letter**

On or around the date of the Acquisition Agreement, Sorted Holdings Limited and Shard Credit Partners Venture Debt I S.à.r.l shall enter into a consent letter, pursuant to which the parties agreed that:

- (i) the Shard Warrant Instrument would be cancelled and terminated;
- (ii) Shard Credit Partners Venture Debt I S.à.r.l grants its consent to the Acquisition and to Admission as required under the terms of the Shard Facility Agreement; and
- (iii) pursuant to the PIK Note Instrument (as detailed at paragraph (k) below), Sorted Holdings Limited would issue PIK notes in full and final satisfaction of all accrued interest and all interest which would accrue up to and including 31 December 2024 under the Shard Facility Agreement.

(k) **PIK Note Instrument**

Upon completion of the Acquisition and further to the Shard Consent Letter, Sorted Group Limited shall enter into a PIK Note Instrument, constituting unsecured on demand PIK notes up to a maximum nominal amount of £558,124.65. The repayment date of the PIK notes is 31 December 2024, and no interest accrues on the notes.

The initial noteholder was Shard Credit Partners Venture Debt I S.à.r.l.

(l) **Debt Conversion Agreement**

As detailed at paragraph 12(d) above.

(m) **Bidco 3 Intercreditor Agreement**

As detailed at paragraph 12(m) above.

14. Principal Investments

Save as set out in this document or in the documents incorporated by reference into this document:

- (a) no material investments have been made by the Company or Sorted in each financial year for the period covered by the historical financial information up to the date of this document;
- (b) no material investments by the Company or Sorted are in progress;

- (c) there are no joint ventures or undertakings to which the Company or Sorted holds a proportion of the capital that are likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses; and
- (d) there are no future material investments by the Company or Sorted in respect of which a legally binding commitment has already been made.

15. Working capital

The Directors are of the opinion, having made due and careful enquiry, taking into account the loan facilities available to the Enlarged Group and the net proceeds of the Subscription receivable by the Enlarged Group, that the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

16. Litigation

(a) *The Group*

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against the Group during the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Group.

(b) *The Sorted Group*

No member of the Sorted Group is or has been involved in any governmental, legal or arbitration proceedings and the Sorted Group is not aware of any such proceedings pending or threatened by or against the Sorted Group during the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Sorted Group.

17. Significant change

(a) *The Group*

Save as disclosed in this document, there has been no significant change in the financial position or financial performance of the Group since 30 June 2023, being the end of the last financial period for which interim financial information has been published.

(b) *The Sorted Group*

Save as disclosed in this document, there has been no significant change in the financial position or financial performance of the Sorted Group since 31 March 2023, being the end of the last financial period for which interim financial information has been published.

18. General

- (a) PKF Littlejohn LLP has given and has not withdrawn its written consent to the inclusion of its accountant's report in Section A of Part IV and Section A of Part V of this document in the form and context in which it is included and has authorised the contents of that report for the purposes of Schedule 2 of the AIM Rules. PKF Littlejohn LLP is a member firm of the Institute of Chartered Accountants in England and Wales.
- (b) Allenby Capital Limited has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.
- (c) Shard has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.
- (d) The total costs and expenses relating to the Proposals payable by the Company are estimated to amount to approximately £1.02 million (excluding VAT).

- (e) Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular industrial, commercial or financial contracts or new manufacturing processes which are material to the Enlarged Group's business or profitability.
- (f) There are no arrangements under which future dividends are waived or agreed to be waived.
- (g) The historical financial statements for the Group as set out in Part III has been audited by Hazlewoods LLP whose registered office address is Staverton Court, Staverton, Cheltenham, Gloucestershire, GL51 0UX. Hazlewoods LLP is a member firm of the Institute of Chartered Accountants in England and Wales.
- (h) The historical financial information as set out in Section B of Part IV for the Sorted Group has been audited.
- (i) The financial information set out in this document does not constitute statutory accounts within the meaning of section 434 of the Act.
- (j) The Ordinary Shares will only be traded on AIM.
- (k) The Company's registrar and paying agent for the payment of dividends is Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom.
- (l) Except for fees payable to the professional advisers whose names are set out at page 11 of this document, payments to trade suppliers, and except as set out below, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission:
 - (i) Arete Capital Partners LLP: in return for holding an observer position on the board of Sorted Holdings Limited, Arete Capital Partners LLP has within the 12 months preceding application for Admission received a monthly fee of £5,000 (excluding VAT). This arrangement will cease on Admission.
- (m) Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19. Availability of documents

Copies of the following documents will be available free of charge to the public on the Company's website at www.locationsciencesgroup.ai from the date of posting of this document up to the date of the General Meeting, subject to certain restrictions relating to persons resident outside the United Kingdom:

- (i) the memorandum and articles of association of the Company;
- (ii) the audited consolidated accounts of the Company and its subsidiaries for the period ended 31 December 2022 and the unaudited interim accounts for the six months ended 30 June 2023 and 2022;
- (iii) the material contracts referred to in paragraph 12 and 13 above; and
- (iv) this document.

In addition, this document will be published in electronic form and be available on the Group's website at www.locationsciencesgroup.ai prior to Admission and www.Sorted.com following Admission, subject to certain access restrictions applicable.

LOCATION SCIENCES GROUP PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 06458458)

NOTICE OF GENERAL MEETING

LOCATION SCIENCES GROUP PLC (the “Company”)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at One Wood Street, London, EC2V 7WS, UK (the offices of Eversheds Sutherland (International) LLP) on 16 February 2024 at 12.00 p.m. (the “Meeting”) at which you will be asked to consider and vote on the following resolutions, which will be proposed as to **resolutions 1, 2 and 3** (inclusive) as ordinary resolutions and as to **resolutions 4 and 5** (inclusive) as special resolutions.

Ordinary Resolutions

1. THAT the proposed acquisition by the Company of the entire issued and to be issued share capital of Sorted Holdings Limited for a consideration of approximately £66.73 in cash pursuant to the terms of the conditional agreement dated 29 January 2024 made between (i) the Company, (ii) the Core Sellers and (iii) the Warrantors relating to the proposed acquisition (the “Acquisition”) be and hereby are approved.
2. THAT, subject to the passing of **Resolution 1**, in accordance with section 618 of the Act, the issued ordinary shares of 0.1p each in the capital of the Company (the “**Existing Ordinary Shares**”) be and hereby are reorganised on the basis that each 625 Existing Ordinary Shares be consolidated into 1 new ordinary share of 62.5p each in the share capital of the Company (a “New Ordinary Share”).
3. THAT, subject to the passing of **Resolution 1**, the board of directors of the Company (the “Directors”) be and are hereby generally and unconditionally authorised, in substitution for any existing authority or power granted to them (but without prejudice to the continuing power of the Directors to allot equity securities (as defined in section 560 of the Companies Act 2006 (as amended) (the “Act”)) (“Equity Securities”) pursuant to any offer or agreement made before the expiry of the authority under which such offer or agreement was made) to exercise all of the powers of the Company to allot Equity Securities pursuant to section 551 of the Act, provided this authority shall be limited to:
 - (a) the allotment of 2,285,712 ordinary shares of £0.625 each in the capital of the Company in connection with the conditional subscription pursuant to subscription letters entered in by relevant subscribers (the “Subscriptions”);
 - (b) the allotment of the Remuneration Shares and the CLN Shares;
 - (c) the allotment of Equity Securities with an aggregate nominal value of up to £1,591,605.21; and
 - (d) the allotment of further Equity Securities with an aggregate nominal value of up to £1,591,605.21 in connection with a rights issue (as defined in the Listing Rules issued by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (as amended)) (“Rights Issue”) to holders of ordinary shares in proportion (or as nearly as may be practicable) to their respective holdings of ordinary shares and to holders of other Equity Securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates and legal or practical problems under the laws of, or the requirements of any regulatory body or recognised stock exchange in, any territory,

provided always that these authorities shall expire on the date 15 months after the date of the Meeting or, if earlier, at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company in general meeting) and provide further that the Company may before such expiry make an offer or agreement which would or might require Equity Securities to be allotted after such expiry and the Directors may allot Equity Securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.

Special Resolutions

4. THAT, subject to the passing of **resolution 3**, the Directors be and hereby are generally and unconditionally authorised and empowered (i) pursuant to section 570 of the Act to allot Equity Securities for cash under the general authority conferred by resolution 3 as set out in the notice of this meeting; and (ii) pursuant to section 573 of the Act to sell ordinary shares (as defined in section 560 of the Act) held by the Company as treasury shares (as defined in section 724 of the Act) for cash, in each case as if section 561(1) of the Act did not apply to such allotment or sale, provided that such authority and power is limited to:
- (a) the allotment of Equity Securities with an aggregate nominal value of up to £2,127,228.13 in connection with the Subscriptions, the Remuneration Shares and the CLN Shares;
 - (b) to the allotment of Equity Securities or sale of treasury shares whether by way of Rights Issue, open offer or other pre-emptive offer to the holders of ordinary shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and
 - (c) the allotment of Equity Securities with an aggregate nominal value of up to £477,481.56;

provided always that such authority shall expire at the end of the next general meeting of the Company after the passing of this resolution (or, if earlier at the close of business on the date 15 months after the date of this Meeting), save that the Company may, before such expiry, make offers or enter into agreements which would or might require Equity Securities to be allotted (and/or treasury shares to be sold) after the authority expires, and the Directors may allot Equity Securities (and sell treasury shares) in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

5. THAT, subject to the passing of **Resolution 1**, the name of the Company be changed to Sorted Group Holdings plc.

Dated: 30 January 2024

Registered Office:

First Floor, St James House, St James Square,
Cheltenham, Gloucestershire, GL50 3PR,
United Kingdom

By Order of the Board

BPE Secretaries Limited

Secretary

Notes:

Entitlement to attend and vote

1. The Company specifies that only those members registered on the Company's register of members at:
 - (i) 12.00 p.m. on 14 February 2024; or
 - (ii) if this Meeting is adjourned, at close of business on the day two days prior to the adjourned meeting,shall be entitled to attend, speak and vote at the Meeting or the adjourned Meeting.

Voting on resolutions at the Meeting

2. At the Meeting, instead of the usual practice of each resolution being voted on initially by a show of hands, the Chairman of the Meeting shall exercise his right to demand a poll on each resolution which shall be taken immediately. On a poll, each member has one vote for every share held. Poll voting is in line with best practice increasingly adopted by UK public companies and provides a more transparent method of voting. It results in a more accurate reflection of the views of members by ensuring that every vote is recognised, including the votes of those members who are unable to attend the Meeting in person but who have appointed a proxy for the Meeting. Results of the votes cast on each resolution will be disclosed by regulatory information service via the announcement that follows the Meeting confirming the outcome of the Meeting.

Proxies - general

3. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a personalised proxy form with this notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
4. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, you can obtain additional proxy forms from the Company's registrars, Computershare Investor Services PLC, by calling the helpline on 0370 707 1701. Alternatively, the proxy form may be photocopied prior to completion. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed.
5. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
7. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should they subsequently decide to do so.

Appointment of proxy using hard copy proxy form

8. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - (a) completed and signed;
 - (b) sent by post to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or, during normal business hours only, by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ; and

- (c) in each case received by Computershare Investor Services PLC no later than 12.00 p.m. on 14 February 2024, or, in the event of an adjournment of the Meeting, 48 hours before the adjourned meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxies electronically

9. As an alternative to completing the hard copy proxy form, you can appoint a proxy electronically by logging on to www.investorcentre.co.uk/eproxy and following the instructions given. You will need to enter the Control Number, your Shareholder Reference Number (SRN) and PIN provided on the proxy form or email communication. Please note the email address for queries to Computershare Investor Services PLC is webcorres@computershare.co.uk.

Appointment of proxies through CREST

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

For a proxy appointment or instructions made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (ID 3RA50) no later than 12.00 p.m. on 14 February 2024 or, in the event of an adjournment of the Meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Corporate representatives

12. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Changing proxy instructions

13. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

14. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or, during normal business hours only, by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Computershare Investor Services PLC no later than 12.00 p.m. on 14 February 2024. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

15. As at the date of this document, the Company's issued share capital comprised 2,647,587,398 ordinary shares of 0.1 pence each, 1,040,712,398 deferred shares of 0.99 pence each and 376,651,734 deferred shares of 0.9 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and deferred shares hold no voting rights. Therefore, the total number of voting rights in the Company as at the date of this document was 2,647,587,398.

Communication

16. You may not use any electronic address provided either in this notice of Meeting or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

