Registration number: 06458458

SORTED GROUP HOLDINGS PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

SORTED GROUP HOLDINGS PLC

SORTED GROUP HOLDINGS PLC

COMPANY INFORMATION

Directors

S Wilkinson
N Burton
C Carey (Appointed 29 January 2024, Resigned 24 May 2024)
P Cvetkovic (Appointed 29 January 2024)
M Warriah (Appointed 29 January 2024)

Registered Office

Level Six
111 Piccadilly
Manchester
M1 2HY

Company Secretary

Mahmoud Warriah
Level Six
111 Piccadilly
Manchester
M1 2HY

Auditors

Hazlewoods LLP
Staverton Court
Staverton Cheltenham
GL51 0UX

Bankers

HSBC UK
2-4 St Ann's
Square
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M2 7HD

Nominated Advisor

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

Broker

Turner Pope
Investments 8
Frederick's Place
London
EC2R 8AB

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Dear Shareholders,

I am pleased to present the Chairman's statement for the Sorted Group Holdings PLC (the “Company” or the “Group”) 2023 report and accounts.

2023 marked a significant turning point for Sorted Group Holdings PLC. On 28 June 2023, we announced a secured convertible bridge loan agreement (the “Convertible Loan Agreement”) with Sorted Holdings Limited (“SHL”) to lend it up to £2.6 million (the “Loan”) for working capital purposes. The Convertible Loan Agreement had a redemption premium of 50% and was secured by a first fixed and floating charge over SHL’s business and assets. At the Company's option, the Loan could be converted into shares representing nearly 100% of the fully diluted share capital of SHL.

Additionally, we simultaneously announced entering into an exclusive non-binding heads of terms for a potential acquisition of the entire issued share capital of SHL by the Company for a nominal consideration of £1.00 (the “Proposed Acquisition”). As part of the Proposed Acquisition, the Company would assume approximately £4.0 million of SHL’s outstanding debt. Existing subscribers, including shareholders of SHL, would be given the opportunity to participate in a cash subscription for up to £5 million of new shares in Location Sciences Group PLC (now named as Sorted Group Holdings PLC) to align their interests with existing shareholders. The Proposed Acquisition constituted a reverse takeover under the AIM Rules for Companies (the “AIM Rules”). Accordingly, in accordance with rule 14 of the AIM Rules, the Company's ordinary shares were suspended from trading on AIM on 28 June 2023.

Post the period end, on 30 January 2024 we announced and published an AIM admission document in connection with the Proposed Acquisition. The AIM admission document detailed, *inter alia*, the proposed acquisition of SHL, a proposed subscription of 2,285,712 new ordinary shares at 87.50 pence per new ordinary share to raise approximately £2.0 million, a proposed 625 to 1 share consolidation, a proposed change of name and AIM ticker symbol to Sorted Group Holdings PLC and SORT respectively, director appointments, a notice of general meeting, and the restoration of trading of the Company’s existing ordinary shares on AIM. Terms were agreed for the acquisition of the entire issued and to be issued share capital of SHL for an aggregate nominal consideration of approximately £66.73 to be paid in cash at completion.

The Proposed Acquisition was outlined as attractive for a number of reasons. These included:

- Significant opportunity to leverage Sorted’s technology and substantial capital investment (exceeding £70 million)
- Attractive software-as-a-service (“SaaS”) business model in the ecommerce sector with scalable, predictable revenue performance
- Diverse customer base of household retail brands and strong industry partnerships
- Global ecommerce market forecast to grow significantly.
- Highly fragmented market
- UK-based business with over 60 employees

On 16 February 2024, all resolutions were duly passed at a general meeting of the Company. The proposals set out in the AIM admission document completed on 19 February 2024 with the enlarged group successfully admitting to AIM on the same day (“Admission”). As part of this, Carmen Carey was appointed as Chief Executive Officer, Mahmoud Warriah as Chief Financial Officer and Petar Cvetkovic as Non-Executive Director. To reflect the Company's new name, the website changed to www.sorted.com on Admission.

The financial year ended 31 December 2023 (“FY23”) presented its share of challenges, with a decline in revenue to £53,066 (2022: £110,856). However, I am pleased to report that we entered the financial year ending 31 December 2024 (“FY24”) with a solid financial foundation. The successful fundraises that took place in 2021 and 2024 provided us with ample resources and, together with the loan facility agreement with Bidco 3 Limited for up to £3.0 million, enabled us to pursue our strategic acquisition objective in the backdrop of the complex business landscape.

Throughout the acquisition process, we have remained committed to our key stakeholders, particularly our shareholders. We recognise that change brings uncertainty, and we have made every effort to navigate these challenges with transparency and fairness. Our team has shown remarkable resilience and adaptability during this period of transition, and we are grateful for their dedication to our shared vision.

Looking forward, we remain cautiously optimistic. The acquisition of SHL has provided us with a valuable platform for potential growth opportunities. Armed with this knowledge, we are actively exploring avenues for sustainable expansion and enhancement of our offerings.

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

On 28 May 2024, it was announced that Carmen Carey stepped down as Chief Executive Officer ("CEO") and Executive Director of the Group with immediate effect and will continue to support Sorted during a three month notice period.

Finally, I would like to express my heartfelt gratitude to our shareholders, clients, and partners for their unwavering support throughout this transformative period. Your confidence in our ability to navigate these challenges and capitalise on emerging opportunities has been instrumental in our progress.

In conclusion, while FY23 presented its fair share of hurdles, we are well-funded and strategically positioned for the future. With a solid financial foundation, streamlined operations, and a focus on delivering a new strategic path going forward, we are confident in our ability to create long-term value for our shareholders. We thank our shareholders and stakeholders for our continued trust and support.

Yours sincerely,

Simon Wilkinson
Executive Chairman, Sorted Group Holdings PLC
Date: 18 June 2024

SORTED GROUP HOLDINGS PLC

INDEPENDENT DIRECTORS FINANCIAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2023

Dear Shareholders,

As the Independent Director of Sorted Group Holdings PLC, I am pleased to present my report alongside the Executive Chairman's statement for the FY23 report and accounts. As a member of the board of directors of the Company (the "Board" or the "Directors"), my role is to provide an unbiased perspective and to act in the best interests of the Company and its shareholders.

Throughout FY23, I actively participated in the strategic review process and monitored the Company's performance, governance, and risk management. I have assessed the decisions made and actions taken by the Board, ensuring that they align with the company's values and objectives.

Financial Performance

The financial performance of Sorted Group Holdings PLC in FY23 reflected the challenges faced by the Company and the broader market environment. I have scrutinised the financial statements and worked closely with the team to understand the underlying causes and evaluate the appropriateness of the strategic initiatives undertaken. I have enclosed below a summary of the Group's financial performance and statement of financial position at the end of the year:

All figures in £GBP (unless otherwise stated)	**Year to 31 December 2023**	**Six months to 30 June 2023**	**Year to 31 December 2022**	**Comparison to prior year**
Revenue	53,066	33,765	110,856	(52.1%)
Administrative costs	551,530	150,716	723,149	23.7%
Loss before tax	1,723,845	232,538	850,578	(96.8%)
Loss per share	0.065p	0.010p	0.029p	(102.2%)
Net assets	2,606,608	4,097,915	4,330,452	(38.7%)
Net current assets	2,606,608	4,097,915	4,195,778	(36.7%)
Cash at bank	955,112	3,498,243	4,125,571	(76.8%)
Group borrowings	Nil	Nil	Nil	-

The Board made further reductions in overhead during the FY23 and the impact of these can be seen in the decreased administration costs in FY23 of £551,530 compared to the financial year ended 31 December 2022 ("FY22") of £723,149, representing a 23.7% year on year reduction. The loss before tax includes the costs of the acquisition of SHL.

Strategic Review and Actions Taken

During FY22, the Board embarked on a comprehensive strategic review to pinpoint the most viable pathways for sustainable growth and the creation of shareholder value. This exercise led to the identification of SHL as a prime target and the most viable option to provide long-term sustainable growth and create shareholder value. The acquisition of SHL completed on 19 February 2024.

Corporate Governance

We are committed to upholding the highest standards of corporate governance. Throughout the year, we monitored the Company's compliance with applicable laws, regulations, and best practices. We reviewed the effectiveness of internal controls, risk management systems, and ethical practices. We are pleased to report that Sorted Group Holdings PLC has maintained a robust governance framework, with appropriate checks and balances in place to safeguard shareholder interests.

Stakeholder Relations

As the Independent Director, I place great importance on the company's relationships with its key stakeholders. I have closely monitored the engagement efforts undertaken by the team to foster a positive team culture, ensure fair treatment, and provide opportunities for professional growth. Furthermore, I have assessed the Company's relationships with clients, suppliers, and other stakeholders, ensuring that open lines of communication are maintained and that their expectations are being met.

Looking Ahead

As the Independent Director, I remain committed to our fiduciary duties and to serving the best interests of Sorted Group Holdings PLC and its shareholders. I will continue to provide oversight, guidance, and independent perspectives to the Board as the company navigates the evolving landscape. I will monitor progress against strategic objectives, evaluate risk management practices, and advocate for responsible and sustainable business practices.

Whilst the Group plans to appoint a new CEO, in the intervening period, Simon Wilkinson, the Group's Chairman, will also take on the role of Executive Chairman. In addition to Simon Wilkinson's software and general management expertise, Sorted will also draw on the significant experience of its other existing board members to oversee the operations of the business, including the distribution and logistics expertise of Petar Cvetkovic, a Non-Executive Director.

In order to recognise Simon Wilkinson's increased involvement in the operations of the business, Sorted has entered a consultancy arrangement with him whereby the Group will pay Mr Wilkinson a daily consultancy rate of £1,750.00 (the "Consultancy Arrangement"). It is anticipated that Mr Wilkinson will work a maximum of three days per week pursuant to the Consultancy Arrangement.

In conclusion, I express our appreciation for the trust placed in us by the shareholders of Sorted Group Holdings PLC. I believe that the Company's strategic initiatives, including the disposal of the Insights business and the ongoing commitment to find a new strategic direction for the Group, will position it for long-term success. I remain vigilant in our oversight role and are dedicated to the company's continued growth and value creation.

Respectfully submitted,

Dr Nigel Burton
Independent Non-Executive Director, Sorted Group Holdings PLC
Date: 18 June 2024

The Directors present their strategic report for the year ended 31 December 2023.

Fair review of the business

The fair review of the business is set out in the Executive Chairman's and Independent Director's reviews, which describe in detail the financial results and future plans for Sorted Group Holdings PLC.

The Board monitors progress on the overall Group strategy and the individual strategic elements by reference to KPls. The primary measures are revenue, costs, EBITDA before exceptional items and working capital levels.

Principal risks and uncertainties

The principal and commercial risks to the Group are as follows:

Description	The Group's strategic review does not deliver the expected improved shareholder returns.
Impact	The Group may not deliver shareholder value.
Mitigation	During the year, the Board conducted a thorough target acquisition review and identified Sorted Holdings Limited as the most viable option to provide long-term sustainable growth and create shareholder value.
Description	Sorted Group Holdings PLC continues to be in a cash consumption phase.
Impact	Going concern has been carefully considered and details are provided in the Corporate Governance Report below and in note 2 of the Group's financial statements.
Mitigation	As at 31 December 2023, the Group had just under £1 million in net cash resources and a loan to Sorted Holdings Limited. Considering drawdown £2.5 million, the post-year-end acquisition of Sorted Holdings Limited, the £2 million fundraise, and the £3 million Bidco 3 Limited loan facility, the Group has more than sufficient funds to meet its requirements for the foreseeable future.
Description	Changes in regulation negatively impact the Group's market.
Impact	The Group may find the demand for its products is reduced and/ or the Group may be forced to change or stop selling one or more of its products.
Mitigation	The Board takes account of commentators and industrial bodies as to the direction of policy change.

The Board meets regularly to review specific and general risks that face the Group. The Board strives to position the Group in a way that any risks can be minimised and met, should the need arise.

The Group's performance will be dependent on the outcome of the strategic review and the implementation of the results of this review. As part of our strategic review, we have thoroughly analysed market trends, customer needs, and emerging opportunities to ensure the long-term success and sustainable growth of the company.

The Group is managing this risk by reducing the overheads of the Group and continuing to analyse new opportunities as they arise. The Board are committed to delivering shareholder value in the long-term.

Strategic risks

Following the strategic review, Sorted Group Holdings PLC has identified key initiatives, such as seeking acquisition targets and optimising operational efficiency. A significant milestone in this strategy was achieved with the purchase of Sorted Holdings Limited on 19 February 2024, aligning with the strategic goals set out in the FY23 financial accounts.

However, a strategic risk lies in the effective execution of these initiatives. Ensuring successful implementation, alignment across the organisation, and timely delivery of desired outcomes require careful planning, resource allocation, and effective management of change. Any delays, misalignment, or inadequate execution could impede the company's ability to achieve its strategic objectives and may result in lost opportunities, lower competitiveness, and suboptimal financial performance.

It is important for Sorted Group Holdings PLC to establish clear goals, allocate appropriate resources, and monitor the progress of these strategic initiatives. The Company should implement robust project management practices, establish effective communication channels, and regularly evaluate and adjust the execution plan as needed. Additionally, strong leadership and stakeholder engagement are crucial to drive alignment and foster a culture of accountability throughout the organisation.

By proactively addressing this strategic risk and implementing effective execution strategies, Sorted Group Holdings PLC can enhance its chances of successfully realising the desired outcomes of the strategic initiatives and drive long-term value for shareholders.

This report, in conjunction with the Chairman's statement and Independent Directors report, form the Strategic Report for the purposes of s414A of the Companies Act 2006.

Section 172 statement

The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006 through adherence to the Quoted Companies Alliance Corporate Governance Code, as disclosed on pages 14 to 16 and as published on our website: www.sorted/investor-relations/board-governance. The Chairman's Report and Chief Executive's Review details the Group's future plans to achieve its long-term strategy.

The Group is committed to maintaining an excellent reputation and strive for high standards, while maintaining an awareness of the environmental impact of the work that it does and strives to reduce its carbon footprint.

The Directors recognise the importance of the wider stakeholders in delivering their strategy and achieving sustainability within the business; in ensuring that all our stakeholders are considered as part of every decision process we believe we act fairly between all members of the company.

Mahmoud Warriah, Chief Financial Officer

Date: 18 June 2024

SORTED GROUP HOLDINGS PLC
CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance in order to protect and build upon the substantial investments made by our diverse shareholder base. We have chosen to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'), which was developed by the QCA in consultation with a number of significant institutional small company investors, as an alternative corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". The Board anticipates that whilst the Company will continue to comply with the QCA Code, given the Group's size and plans for the future, it will also endeavour to have regard to the provisions of the UK Corporate Governance Code as best practice guidance to the extent appropriate for a company of its size and nature.

An explanation of how these principles have been applied during FY23 is set out both below and in the Directors' remuneration, Audit Committee and internal control sections of this report.

Certain information required under the QCA code is included within the Strategic report and the Directors Remuneration Report.

Name	Date Appointed	Date Resigned	Role	Committees
Simon Wilkinson	25/05/2021	-	Chairman	Remuneration, Nomination, Audit
Nigel Burton	25/05/2021	-	Non-Executive Director	Remuneration, Nomination, Audit

The Board is responsible to the shareholders for the proper management of the Group through setting the overall strategy of the business and to review the people, performance, policies and budgets of the Group. The Board typically meets quarterly and also meets for any other extraordinary matters as they may arise. Detailed information on matters to be discussed during the meetings are circulated in advance of the meeting to ensure non-executive directors can contribute in an educated manner.

Independence

The roles of the Chairman, Simon Wilkinson, and the Independent Director, Dr Nigel Burton, have a formal division. The Chairman is responsible for delivering the outcome of the strategic review and ensure that adequate and effective resources are in place to deliver shareholder value. The Independent Director is responsible for monitoring the Board and ensuring no individual or group takes control of the Board's decision making and that all key stakeholders are fully briefed on matters and their responsibilities.

Board Balance

A minimum of 50% of the Board will always consist of non-executive directors including the Chairman. During FY23 all non-executive directors were independent of the management team and are not involved in any other business or relationship, both as an executive or non-executive, which may impair their independent nature and judgement.

Nomination Committee

The Group's nomination committee is responsible for reviewing and making proposals to the Board on the appointment of Directors and meets as necessary. During FY23, the Group's nomination committee consisted of Simon Wilkinson, who acted as Non-Executive Chairman of the committee, and Dr. Nigel Burton.

Performance Evaluation and Re-election

The Board has continued to evaluate its effectiveness and performance during FY23, taking into account the Financial Reporting Council's Guidance on Board Effectiveness. It is anticipated that following the completion of the Board strategic review, director appraisals will be performed 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. The Directors will be evaluated internally based on their responsibilities to the Board. New Directors resign and stand for re-election at the Group's first AGM following their appointment. 50% of continuing Directors stand for re-election on an annual basis.

The Directors carry out continued professional development throughout the year where appropriate and each Director keeps up to date with market changes through the use of market articles and industry contacts.

Remuneration Committee

The Group's remuneration committee is responsible for the specific remuneration and incentive packages for each of the Company's executive directors, senior executives and managers. During FY23, the Group's Remuneration Committee consisted of Nigel Burton and Simon Wilkinson, who acted as Non-Executive Chairman of the committee. Further details of the Committee's remit are contained in the Directors' Remuneration Report on pages 11 to 13.

Relations with Shareholders

The Group encourages two-way communication with both its institutional and private investors and responds promptly to all queries received. The Non-Executive Directors communicate regularly with the Group's institutional shareholders and ensure that their views are communicated fully to the Board. The Board recognises the Group's AGM as an important opportunity to meet with the Group's private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.

Annual General Meeting

The Annual General Meeting of the Group provides shareholders with the opportunity to be updated on the Group's progress and to ask questions of the Board.

Financial Reporting and Internal Control

The Company has established policies covering the key areas of internal financial control and the appropriate procedures, controls, authority levels and reporting requirements which must be applied throughout the Group.

The key procedures that have been established in respect of internal financial control are:

- An annual budget set by the Board
- Monthly management accounts with comparisons to budget
- Monthly forecast updates with comparisons to budget
- Monthly cashflow forecasts with comparisons to budget
- Weekly meetings of the Executive Directors and Senior Management to review priorities and issues
- Restriction of user access to systems, including but not limited to Financial, HR and Technology.

The above controls have been established to support the growth of the business and to protect against future risks.

Corporate Culture

It is the Board's view that the Group's corporate culture is consistent with its objectives, strategy and business model. The Board is aware that the culture set by the Board will greatly impact all aspects of the Group and the way that employees behave. The Board invites employees to provide feedback on their peers and management.

Consolidated Accounts

The before mentioned Financial Reporting and Internal Controls apply to all subsidiaries. The accounts of all subsidiaries are combined with those of the Company to form consolidated accounts each month. Following Admission, the Chief Financial Officer is responsible for producing the consolidated accounts, including the elimination of intercompany transactions and balances.

Audit Committee

The Group's Audit Committee is responsible for ensuring the financial performance of the Group is properly monitored and reported on, the effectiveness of accounting systems and financial reporting procedures. During FY23, the Group's Audit Committee consisted of Nigel Burton and Simon Wilkinson, who acted as Non-Executive Chairman of the committee.

The Committee considers all proposals for non-audit services and ensures that these do not impact on the objectivity and independence of the auditor. The Audit Committee reviews, with the external auditor, the safeguards and procedures developed by the auditor to counter threats or perceived threats to their objectivity and independence. Non-audit services performed by the external auditor are assessed for threats to objectivity and independence on a case-by-case basis.

Board and Committee Attendance

Name	Main Board	Audit Committee	Remuneration Committee	Nomination Committee
Simon Wilkinson	4/4	1/1	1/1	1/1
Nigel Burton	4/4	1/1	1/1	1/1

Going concern

The directors have taken a view of the Group as a whole.

Included in our net assets as at 31 December 2023, an amount of £2,516,491 is outstanding from Sorted Holdings Limited relating to a secured convertible bridge loan agreement in anticipation of acquiring Sorted Holdings Limited. This outstanding balance was never intended to be recouped in cash and the assessment of going concern reflects this position.

The Group ended FY23 with cash resources of £955,112, no debt and a cash burn of £3.17 million. The cash burn consists of an annualised cash burn of £653k and a once-off £2.517m to Sorted Holdings Limited as a secured convertible bridge loan.

The Group continued to operate Verify which has a global client base with customers in Europe and South Africa. The post FY23 acquisition of Sorted Holdings Limited resulted in the exit from the Verify business to focus on the SHL business to deliver shareholder value in the long term.

However, despite the actions of the Board, the Group continued to operate with a trading loss during FY23. The new funds raised during 2021 were utilised to acquire the Sorted Holdings Limited business on 19 February 2024. The Board will continue to monitor cash resources and progress the ongoing business review.

Based on the current status, after making enquiries and considering the existing cash resources of the business and the further cost reductions made during 2023, plus the Sorted Holdings Limited acquisition, the £2m fundraise and the £3m Bidco 3 Limited facility, the Board has a reasonable expectation that the Group will be able to execute its plans in the medium term such that the Group will have adequate resources to continue in operational existence for the foreseeable future. This provides the Board with assurance on the Group's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the annual financial statements.

On behalf of the Board

Simon Wilkinson
Executive Chairman
Date: 18 June 2024

SORTED GROUP HOLDINGS PLC
DIRECTORS' REMUNERATION REPORT

As a Company admitted to trading on AIM, Sorted Group Holdings PLC is not required to present a directors' remuneration report, however, a number of voluntary disclosures have been made. The Company has complied with the disclosure requirements set out in the AIM Rules for Companies.

Remuneration Committee
During FY23, the Remuneration Committee, comprising Simon Wilkinson and Nigel Burton, determines the Group's policy for executive remuneration and the individual remuneration packages for executive directors. In setting the Group's remuneration policy, the committee considers a number of factors including:

- salaries and benefits available to executive directors of comparable companies; and
- the need to both attract and retain executives of appropriate calibre

Remuneration of executive directors
Consistent with this policy, benefit packages awarded to executive directors comprise a mix of basic salary and performance-related remuneration that is designed as an incentive. The remuneration packages can comprise the following elements:

- base salary: the Remuneration Committee sets the base salaries to reflect responsibilities and the skills, knowledge and experience of the individual;
- bonus scheme: the executive directors are eligible to receive a bonus dependent on both individual and Group performance as determined by the Remuneration Committee;
- equity: share options; and
- various other add on· benefits such as private medical insurance.

The executive directors are engaged under separate contracts which require a notice period of three or six months given at any time by the individual.

Remuneration of non-executive directors
The fees and equity awarded to non-executive directors are determined by the Board. The non-executive directors do not receive any other forms of benefit such as private medical insurance.

Year to 31 December 2023

Director	Salary and fees	Bonus	Pension	Benefits	Share-based payments	Total
	£	£	£	£	£	£
S Wilkinson (Non-executive)	83,437	-	-	-	-	83,437
N Burton (Non-executive)	76,406	-	-	-	-	76,406
	159,843	-	-	-	-	159,843

Included within directors' remuneration for S Wilkinson and N Burton is remuneration of £83,437 and £76,406 respectively that was settled by issue of ordinary shares.

Year to 31 December 2022

Director	Salary and fees	Bonus	Pension	Benefits	Share-based payments	Total
	£	£	£	£	£	£
M Slade (Executive)*	77,600	-	660	-	-	78,260
D Rae (Executive)*	64,667	-	660	-	-	65,327
S Wilkinson (Non-executive)	101,563	-	-	-	-	101,563
N Burton (Non-executive)	71,094	-	-	-	-	71,094
	314,924	-	1,320	-	-	316,244

Included within directors' remuneration for S Wilkinson and N Burton is remuneration of £101,563 and £71,094 respectively that was settled by issue of shares.

* Resigned 22 June 2022

Director	Grant Date	Exercise Price	At 31 December 2023	At 31 December 2022
			Number	Number
M Slade (Executive)*	29/11/2018	2.25p	-	-
D Rae (Executive)*	29/11/2018	2.25p	-	-

Notes: The options were to vest in three equal tranches when certain share price targets have been reached, the share price targets are as follows:

• 4.8 pence per New Ordinary Share
• 7.3 pence per New Ordinary Share
• 9.7 pence per New Ordinary Share

The options in place at the end of 31 December 2021 were forfeit on 22 June 2022 when the option holders ceased to hold office.

Director Warrants

Non-transferable warrants to subscribe for, in aggregate, 120,000,000 Ordinary Shares were issued to the Executive Directors and the Non-Executive Directors, exercisable at 0.20p for five years from 25 May 2021, provided that the Ordinary Shares have traded at a Volume Weighted Average Price (VWAP) at or above 0.30p for 20 consecutive Business Days, or on a change of control of the Company.

Name	Number of Ordinary Shares subject to Director Warrants
Simon Wilkinson	30,000,000
Dr Nigel Burton	30,000,000
Mark Slade	30,000,000
David Rae	30,000,000

Broker Warrants

Transferable warrants to subscribe for, in aggregate, 41,250,000 Ordinary Shares were issued to the Executive Directors and the Non-Executive Directors, exercisable at 0.20p for five years from 25 May 2021.

Name	Number of Ordinary Shares subject to Broker Warrants
Dr Nigel Burton	25,000,000
Mark Slade	10,000,000
David Rae	6,250,000

Promoter Warrants

Promoter warrants were issued to certain investors in the fundraising completed on 25 May 2021 in consideration of those persons assembling and co-ordinating the Concert Party's investment in the Company. As part of this issuance, non-transferable warrants to subscribe for, in aggregate, 500,000,000 Ordinary Shares were issued to Simon Wilkinson, exercisable at 0.20p for five years from 25 May 2021.

Simon Wilkinson
Chairman, Remuneration Committee
Date: 18 June 2024

SORTED GROUP HOLDINGS PLC
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors are pleased to present the annual report and audited financial statements of Sorted Group Holdings PLC for the year ended 31 December 2023.

Dividends

The Directors do not recommend the payment of a dividend.

Board of Directors

Simon Wilkinson, Executive Chairman
Simon joined Sorted Group Holdings PLC as Non-Executive Chairman in May 2021 and executive chairman 24th May 24. Simon is a highly experienced software executive and entrepreneur, having been involved with a number of public and private companies over his career. He was most recently CEO then Chairman of Mobica, a world-leading, award-winning 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.

Nigel Burton, Non-Executive Director
Nigel was appointed as a Non-Executive Director in May 2021. Nigel 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 pie, DeepVerge pie, eEnergy Group pie, Mobile Streams pie and Microsaic Systems pie.

Mahmoud Warriah, 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 and was appointed Chief Financial Officer on 29 January 2024.

Petar Cvetkovic, 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.

As noted in the Company's AIM admission document, the Directors intends to appoint a further independent Non-Executive Director to the Board within 12 months from 19 February 2024.

Research and development
Due to the reorganisation of the business following the Board's strategic review, Sorted Group Holdings PLC ceased investing into research and development with no expense for 2022 or 2023.

Financial Risk Management
The Group's financial instruments comprise cash and cash equivalents, trade receivables and payables and borrowings. The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk.

Interest rate and credit risk - the principal assets of the Group are its cash deposits. These are short-term liquid assets and as a result the exposure to interest rate income risk is not considered significant. The principal focus of the Directors has been to minimise any credit risk in relation to its cash deposits even at the expense of interest income received. Borrowings include financial instruments on fixed interest rate terms and a revolving credit facility at a variable rate. As a result, the exposure to interest rate expense risk is low and no active management of interest rate risk is undertaken by the Board.

Foreign currency risk - the main functional currency is sterling. Throughout 2023, the Company's transactions have primarily been denominated in sterling and the Group has had low exposure to foreign currency risk.

Liquidity risk - the Board's policy is to ensure that sufficient cash and cash equivalents are held on a short-term basis at all times in order to meet the Group's operational needs. The Group does actively raise funds through market placings and other loan facilities.

The Group has been operating at a trading loss due to its stage of development and seeks to ensure that its investments will deliver long term value to shareholders. Liquidity risk is actively managed through regular review of cash requirements of the business in conjunction with the strategic and operational plans for the Group.

Substantial shareholdings

As at 18 June 2024 the Directors had been notified of the following holdings representing 3% or more of the issued share capital of the Company. These shareholdings were effective 16 February 2024 upon the acquisition of Sorted Holdings Limited.

	Number of ordinary shares	Percentage of issued share capital
Shard Credit Partners Venture Debt Fund I LP	2,752,140,000	36.02%
Richard Hughes	320,000,000	4.19%
Mahmud Kamani	320,000,000	4.19%
SDI (Retail Co 8) Limited	285,714,000	3.74%

Directors

The Directors, who held office during the FY23, were as follows:

S Wilkinson
N Burton

The Company maintains director and officers' liability insurance.

Statement of Directors' responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

SORTED GROUP HOLDINGS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

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

Directors' interests in shares
During FY23, the Directors held the following interests in Sorted Group Holdings PLC:

	At 16 February 2024			At 31 December 2022 and at 31 December 2023		
	Ordinary Shares of 0.1p each	Options over Ordinary Shares of 0.1p each	Warrants over Ordinary Shares of 0.1p each	Ordinary Shares of 0.1p each	Options over Ordinary Shares of 0.1p each	Warrants over Ordinary Shares of 0.1p each
S Wilkinson	228,571,000	-	800,048,000	100,000,000	-	530,000,000
N Burton	204,571,000	-	40,048,000	85,000,000	-	55,000,000

The market price of the Company's shares at the end of FY23 was 0.14p.

Disclosure of information to auditor
Each of the persons who are directors at the time when this director's report is approved has confirmed that:

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

Annual General Meeting
Notice of the forthcoming Annual General Meeting of the Company together with resolutions relating to the Company's ordinary business will be given to the members separately.

Reappointment of auditors
The auditors, Hazlewoods LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 18 June 2024 and signed on its behalf by:

Mahmoud Warriah
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SORTED GROUP HOLDINGS PLC

Opinion

We have audited the financial statements of Sorted Group Holdings PLC, formerly Location Scienced Group PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023, which comprise the Consolidated Income Statement, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities·, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

Our audit approach was based on a thorough understanding of the Group's business and is risk based. In arriving at our opinions set out in this report, we highlight the key audit matters that in our judgment, had the greatest effect on the financial statements.

Key audit matters	How our scope addressed this matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Recognition of revenue

Revenue consists of the value of services provided. Revenue recorded for services is recorded to the extent that the Group has performed its contractual obligations. We therefore identified revenue recognition as a risk that required particular audit attention.	Our audit work included but was not restricted to: - For revenue recognised in the year our audit work include, assessing whether the Group's accounting policy for revenue recognition was in accordance with IFRS 15 'Revenue'; - Sampling service sales in the year and comparing them to usage reports and stated performance dates; - Performing cut-off testing of sales around the year end; and Analytical review of revenue recognised in the year including variance review.

Internally generated intangible assets

The Group capitalises development costs when the following criteria have been met: The product is technically viable, it is intended for sale, a market exists, expenditure can be measured reliably, and sufficient resources are available to allow completion of the project. When the Board is sufficiently confident that these criteria are met, the costs are capitalised. We therefore identified internally generated intangibles as a risk that required particular audit attention.

Our audit work included, but was not restricted to:
- Assessing the nature of the costs capitalised to ensure they met the required accounting criteria for capitalisation;
- Discussions with management to ensure that all criteria for capitalisation had been met and supporting evidence was obtained to corroborate this.

Considering whether there are any impairment indicators and, where these exist, reviewing impairment reviews prepared by management

Going concern

Trading performance of the Group has previously indicated the existence of material uncertainty, which may cast significant doubt about the Company and the Group's ability to continue as a going concern

Our audit work included, but was not limited to:
- considering funds and resources available to the Group in the year;
- review of forecasts prepared by management to support the going concern assumption; and

consideration of customer contracts

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the group financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we used to determine the extent of testing needed, to reduce to an appropriately low level that the aggregate of uncorrected and undetected misstatements exceed materiality of the group financial statements as a whole.

We establish materiality for the financial statements as a whole to be £37,000, which is 1% of the value of the trading subsidiary's total assets.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting. included discussions with management to support assumptions included in forecasts and the Group ongoing strategy and assessing the level of resource available to the Group.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going· concern are described in the relevant section of this report.

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SORTED GROUP HOLDINGS PLC (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Report set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above; to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the company and its activities, we identified that the principal risks of non- compliance with laws and regulations related to UK tax legislation and money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as UK GAAP and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate or fictitious journal entries to manipulate the financial performance or financial position of the company.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SORTED GROUP HOLDINGS PLC (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also planned and performed audit procedures including:

• Gaining an understanding of the legal and regulatory framework and considering the risk of any acts which may be contrary to applicable laws and regulations, including fraud.

• Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

• Evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

• Making inquiries with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.

• Testing journal entries and other adjustments for appropriateness and evaluating the business rationale of any significant transactions outside the normal course of business.

• Evaluation of the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Conclusion on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's.report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at:www.frc.org.uk/auditorsresponsibililies. This description forms part of our auditor's report.

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

Ryan Hancock (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court
Staverton
Cheltenham
GL51 OUX

Date: 18 June 2024

SORTED GROUP HOLDINGS PLC

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
Continuing Operations	**Note**	**£**	**£**
Revenue	4	53,066	110,856
Cost of sales		(14,368)	(29,358)
Gross profit		38,698	81,498
Administrative expenses		(551,530)	(723,149)
Other operating income		-	-
Operating loss before exceptional administrative expenses, amortisation and depreciation		(512,832)	(641,651)
Amortisation and depreciation		(134,674)	(259,335)
Exceptional administrative expenses	6	(1,110,346)	42,040
Operating loss	6	(1,757,852)	(858,946)
Finance income	7	34,007	8,368
Loss before tax		(1,723,845)	(850,578)
Income tax	11	-	-
Loss for the year for the financial year from continuing operations		(1,723,845)	(850,578)
Discontinued operations			
Profit (loss) for the year from discontinued operations	5	-	92,357
Loss for the financial year		(1,723,845)	(758,221)
Earnings per share			
Loss per share – basic and diluted	12	(0.065p)	(0.029p)

The above results were derived from continuing operations.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

SORTED GROUP HOLDINGS PLC

(REGISTRATION NUMBER: 06458458)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Assets			
Non-current assets			
Intangible assets	13	-	134,674
		-	134,674
Current assets			
Trade and other receivables	15	2,692,134	228,072
Cash and cash equivalents		955,112	4,125,571
		3,647,246	4,353,643
Current liabilities			
Trade and other payables	16	(1,040,638)	(157,864)
Net current assets		2,606,608	4,195,778
Total assets less current liabilities		2,606,608	4,330,453
Net assets		2,606,608	4,330,453
Equity			
Share capital	18	16,340,507	16,340,507
Share premium		20,088,118	20,088,118
Merger relief reserve		11,605,556	11,605,556
Capital reserve		209,791	209,791
Reverse acquisition reserve		(9,225,108)	(9,225,108)
Equity reserve		1,135,319	1,135,319
Retained earnings		(37,547,575)	(35,823,730)
Equity attributable to owners of the company		2,656,608	4,330,453

Approved by the Board on 18/6/2024 and signed on its behalf by:

Mahmoud Warriah
Chief Financial Officer

SORTED GROUP HOLDINGS PLC

(REGISTRATION NUMBER: 06458458)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Assets			
Non-current assets			
Investments	15	3,034,374	3,034,374
Current assets			
Trade and other receivables		-	58,797
Current liabilities			
Trade and other payables	16	(452,094)	(76,000)
Net current assets		(452,094)	(17,203)
Total assets less current liabilities		2,582,280	3,017,171
Net assets		2,582,280	3,017,171
Equity			
Share capital	18	16,340,507	16,340,507
Share premium		20,088,118	20,088,118
Merger relief reserve		11,605,556	11,605,556
Equity reserve		1,135,319	1,135,319
Retained earnings		(46,587,220)	(46,152,329)
Equity attributable to owners of the company		2,582,280	3,017,171

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax for the parent Company for the year was £434,891 (2022: £169,747).

Approved by the Board on 18/6/2024 ……………. and signed on its behalf by:

Mahmoud Warriah
Chief Financial Officer

SORTED GROUP HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium	Merger relief reserve	Capital reserve	Reverse acquisition reserve	Equity reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£
At 1 January 2022	16,298,007	20,034,993	11,605,556	209,791	(9,225,108)	1,135,319	(34,879,987)	5,178,571
Loss for the year	-	-	-	-	-	-	(758,221)	(758,221)
Total comprehensive income	-	-	-	-	-	-	(758,221)	(758,221)
New share capital subscribed	42,500	53,125	-	-	-	-	-	95,625
Share-based payments	-	-	-	-	-	-	(185,522)	(185,522)
At 31 December 2022	16,340,507	20,088,118	11,605,556	209,791	(9,225,108)	1,135,319	(35,823,730)	4,330,453

	Share capital	Share premium	Merger relief reserve	Capital reserve	Reverse acquisition reserve	Equity reserve	Retained earnings	Total
	£	£	£	£	£	£	£	£
At 1 January 2023	16,340,507	20,088,118	11,605,556	209,791	(9,225,108)	1,135,319	(35,823,730)	4,330,453
Loss for the year	-	-	-	-	-	-	(1,723,845)	(1,233,845)
Total comprehensive income	-	-	-	-	-	-	(1,723,845)	(1,233,845)
At 31 December 2023	16,340,507	20,088,118	11,605,556	209,791	(9,225,108)	1,135,319	(37,547,575)	(2,606,608)

SORTED GROUP HOLDINGS PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium	Merger relief reserve	Equity reserve	Retained earnings	Total
	£	£	£	£	£	£
At 1 January 2022	16,298,007	20,034,993	11,605,556	1,135,319	(45,797,060)	3,276,815
Loss for the year	-	-	-	-	(169,747)	(169,747)
Total comprehensive income	-	-	-	-	(169,747)	(169,747)
New share capital subscribed	42,500	53,125	-	-	-	95,625
Share-based payments	-	-	-	-	(185,522)	(185,522)
At 31 December 2022	16,340,507	20,088,118	11,605,556	1,135,319	(46,152,329)	3,017,171

	Share capital	Share premium	Merger relief reserve	Equity reserve	Retained earnings	Total
	£	£	£	£	£	£
At 1 January 2023	16,340,507	20,088,118	11,605,556	1,135,319	(46,152,329)	3,017,171
Loss for the year	-	-	-	-	(434,891)	(434,891)
Total comprehensive income	-	-	-	-	(434,891)	(434,891)
At 31 December 2023	16,340,507	20,088,118	11,605,556	1,135,319	(46,587,220)	(2,582,280)

SORTED GROUP HOLDINGS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
Cash flows from operating activities		£	£
Loss for the year from continuing activities		(1,723,845)	(850,578)
Loss for the year from discontinued activities		-	92,537
Adjustments to cash flows from non-cash items:			
Depreciation and amortisation	6	134,674	259,335
Impairment charge	6	-	143,482
Finance income	7	(34,007)	(8,368)
Share based payment transactions	19	-	(185,522)
Shares issued other than for cash		-	85,000
Uplift in fair value of directors' fees		-	10,625
		(1,623,178)	(453,669)
Working capital adjustments			
Decrease / (Increase) in trade and other receivables		52,429	103,487
Decrease in trade and other payables		882,774	(25,310)
Cash used in operations		(687,975)	(375,492)
Income taxes received		-	113,871
Net cash flow from operating activities		(687,975)	(261,622)
Cash flows from investing activities			
Interest received	7	34,007	8,368
Net cash flows from investing activities		34,007	8,368
Cash flows from financing activities			
Decrease / (Increase) in secured convertible bridge loan		(2,516,491)	-
Net cash flows from financing activities		(2,516,491)	-
Net increase/(decrease) in cash and cash equivalents		(3,170,459)	(253,254)
Cash and cash equivalents at 1 January		4,125,571	4,378,825
Cash and cash equivalents at 31 December		955,112	4,125,571

SORTED GROUP HOLDINGS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

	2023	2022
	£	£
Non-cash financing activities:		
Directors' fees settled by share issues	-	95,625

For full details on non-cash financing activities see note 21.

SORTED GROUP HOLDINGS PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
Cash flows from operating activities		**£**	**£**
Loss for the year		(434,891)	(169,747)
Adjustments to cash flows from non-cash items:			
Shares issued other than for cash		-	85,000
Uplift in fair value of directors' fees		-	10,625
		(310,891)	(74,122)
Working capital adjustments			
Decrease/ (Increase) in trade and other receivables		58,797	74,1227
Decrease in trade and other payables		376,094	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

1 General information

The company is a public company limited by share capital, incorporated and domiciled in England.

The address of its registered office is:
Level Six
111 Piccadilly
Manchester
M1 2HY

The Company's ordinary shares are traded on the Alternative Investment Market (AIM) of the London Stock Exchange.

Principal activity
In previous years, the Group developed a global platform called Verify, which brings transparency to the location based mobile advertising market. Verify allows marketeers to authenticate where their adverts have been viewed and uses proprietary technology to detect location ad-fraud, which would otherwise go unnoticed.

2 Accounting policies

Statement of compliance
The group financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the UK ("adopted IFRS's").

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern
The directors have taken a view of the Group as a whole.

Included in our net assets as at 31 December 2023, an amount of £2,516,491 is outstanding from Sorted Holdings Limited relating to a secured convertible bridge loan agreement in anticipation of acquiring Sorted Holdings Limited. This outstanding balance was never intended to be recouped in cash and the assessment of going concern reflects this position.

The Group ended FY23 with cash resources of £955,112, no debt and a cash burn of £3.17 million. The cash burn consists of an annualised cash burn of £653k and a once-off £2.517m to Sorted Holdings Limited as a secured convertible bridge loan.

The Group continued to operate Verify which has a global client base with customers in Europe and South Africa. The post FY23 acquisition of Sorted Holdings Limited resulted in the exit from the Verify business to focus on the SHL business to deliver shareholder value in the long term.

However, despite the actions of the Board, the Group continued to operate with a trading loss during FY23. The new funds raised during 2021 were utilised to acquire the Sorted Holdings Limited business on 19 February 2024. The Board will continue to monitor cash resources and progress the ongoing business review.

Based on the current status, after making enquiries and considering the existing cash resources of the business and the further cost reductions made during 2023, plus the Sorted Holdings Limited acquisition , the £2m fundraise and the £3m Bidco 3 limited facility, the Board has a reasonable expectation that the Group will be able to execute its plans in the medium term such that the Group will have adequate resources to continue in operational existence for the foreseeable future. This provides the Board with assurance on the Group's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the annual financial statements.

2 Accounting policies (continued)

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2023 in accordance with IFRS 10.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in accounting policy

For the purpose of the preparation of these consolidated financial statements, the Group has applied all standards· and interpretations that are effective for accounting periods beginning on or after 1 January 2023. None of the standards that have been applied have had a material effect on the financial statements.

New standards, interpretations and amendments not yet effective

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 January 2023, or later periods, have been adopted early.

None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2023, and which have not been adopted early, are expected to have a material effect on the financial statements.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker for the use in strategic decision making and monitoring of performance. The Group considers the chief operating decision maker to be the Executive Board.

2 Accounting policies (continued)

Revenue recognition

Revenue represents the invoice value of services and software licences provided to external customers in the period, stated exclusive of value added tax.

Consideration received from customers in respect of services is only recorded as revenue to the extent that the Group has performed its contractual obligations in respect of that consideration. Management assess the performance of the Group's contractual obligations against project milestones and work performed to date.

Revenue from software licences sold in conjunction with services is invoiced separately from those services and recognised over the period of the licence.

Revenue from software licences for the use of the technology platform is recognised over the period of the license.

Revenue from software development is recognised to the extent that the Group has obtained the right to consideration through its performance.

The IFRS 15 practical expedient has been applied whereby the promised amount of consideration has not been amended for the effects of a significant financing component as at the contract inception there are no contracts where the period between transfers of promised goods or services and customer payment is expected to exceed one year.

Under the Group's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. It is considered highly probable that a significant reversal in the revenue recognised will not occur given the consistent low level of returns over previous years.

Grants

Grants for revenue expenditure are presented as part of the Income Statement in the periods in which the expenditure is recognised.

Foreign currency transactions and balances

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in sterling, which is the Parent's presentational currency.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

The results and financial position of all Group entities that have a functional currency different from the presentational currency of the Group are translated into sterling follows:

• Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.
• Income and expenses for each income statement are translated at the average exchange rate for the month where these approximate the exchange rate at the date of the transaction; and
• All resulting exchange differences are recognised within other comprehensive income and taken to the foreign exchange reserve.

SORTED GROUP HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

2 Accounting policies (continued)

Tax

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is provided for using the liability method on temporary differences at the balance sheet date between tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised in full for all temporary differences other than those relating to goodwill on investments in subsidiaries. Deferred tax assets are recognised for all deductible temporary differences carried forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is assessed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

The tax currently receivable is based on the taxable loss for the period and relates to R&D tax credits. Taxable loss differs from net loss as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. This is calculated using rates and laws enacted or substantively enacted at the reporting date.

Financial instruments

The Group recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Group's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Group classifies all of its financial assets as 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 arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterpart or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Group classifies all of its financial liabilities as liabilities at amortised cost. Liabilities are classified as current liabilities when the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2 Accounting policies (continued)

Intangible assets

Internally developed software
Intangible assets are predominantly internally generated software development costs for Location Sciences' technologies. Development costs are capitalised when certain criteria are met. The product must be technically feasible, sale is intended, a market exists, expenditure can be measured reliably, and sufficient resources are available to complete the project. The extent of capitalisation is limited to the amount, which taken together with further related costs, will be recovered from the future economic benefits related to the asset. When the Board is sufficiently confident that all of the criteria for capitalisation are met, development costs are amortised over the expected useful life, currently 5 years, from the date the asset is available for use. Development costs that have been capitalised, but where amortisation has not yet commenced are reviewed annually for impairment. If no intangible asset can be recognised based on the above, then development costs are recognised within administrative expenses in the Consolidated Income Statement.

Amortisation

Asset class	**Amortisation method and rate**
Development costs	20% straight line

Amortisation is recognised within administrative expenses and disclosed separately on the Consolidated Income Statement.

Depreciation

Asset class	**Depreciation method and rate**
Computer equipment	33.33% straight line
Office equipment	33.33% straight line
Right of use assets	Straight line over lease term

Depreciation is recognised within administrative expenses and disclosed separately on the Consolidated Income Statement.

Impairment of non-financial assets
At each Statement of Financial Position date, the Group performs an impairment review in respect of goodwill and any intangible assets not yet ready for use and reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment. If any such indication exists, the recoverable amount of the asset (being the higher of fair value less costs to sell and value in use) is estimated in order to determine the extent of any impairment. Any impairment loss is recognised as an expense in the Consolidated Income Statement in the period in which it was identified.

Investments
Investments are carried at cost, less any impairment in value.

The Company grants options over its equity investments to the employees of its subsidiaries. The carrying value of the investment in this subsidiary is increased by an amount equal to the value of the share-based payment charge attributable to the option holder in the subsidiary.

Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value, and have a maturity of less than 3 months from the date of acquisition. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and bank deposits.

2 Accounting policies (continued)

Trade receivables

Trade receivables are amounts due from customers for licences sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Assets held under leases are recognised as assets of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between interest expenses and capital redemption of the liability. Interest is recognised immediately in the Consolidated Income Statement, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.

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

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Share based payments

The Group operates an equity-settled, share-based compensation plan. Equity-settled share-based payments are measured at fair value at date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black Scholes or a binomial options valuation model as appropriate depending on the terms of the options.

2 Accounting policies (continued)

Equity

Equity comprises:

- Share capital - the nominal value of ordinary shares is classified as equity.
- Share premium - represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Merger relief reserve - the difference between cost or fair value and the nominal value of shares issued on the exchange of shares with Location Sciences Al Limited and on acquisition of subsidiaries where shares are issued as part of the consideration.
- Translation reserve - the foreign exchange difference arising on consolidation.
- Capital reserve - represents a capital contribution to the Company.
- Equity reserve - represents the fair value of warrants over shares issued as part of the May 2021- fundraise.
- Reverse acquisition reserve - the balance of the amount recognised as issued equity instruments arising on restatement of Location Sciences Al Limited to reflect the parent equity structure, further to the reverse acquisition basis of accounting adopted in 2013 on the share exchange by Sorted Group Holdings Plc for 100% of the shares of Location Sciences Al Limited.
- Retained earnings - includes all current and prior period retained profits/(losses).

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in conformity with IFRS requires the directors to make critical accounting estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. An assessment of the impact of these estimates and judgements on the financial statements is set out below.

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. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information is available.

Fair values for employee share schemes
The establishment of fair values in respect *of* employee services received in exchange for share options require the exercise *of* judgement and estimation in respect of the life of the option, the expected dividend yield and, in particular, the volatility of the underlying shares. A calculated value for the latter may not accurately reflect the future share price movements given the Group's stage of development.

Assessing whether development costs meet the criteria for capitalisation
The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical feasibility is demonstrable. Commercial success of the development projects remains uncertain at the time of recognition and therefore impairment reviews are undertaken based on current estimates of future revenue streams. This assessment has resulted in the impairment of £nil (2022: £143,482) of development costs.

Fair values of warrant instruments

Warrants issued in May 2021 are valued based on the fair value of the underlying services received. The Directors' warrant instruments have been valued with reference to the fair value of the other warrants issued to third parties.

Classification and valuation of financial instruments
The Group previously issued financial instruments including conversion features and warrants. The valuation of these financial instruments, including Level 3 fair values where there are no observable market inputs, are performed in consultation with third party valuation specialists, with the overall aim of maximising the use of market based information.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Assessing whether revenue meets the criteria for recognition

Contracts can include both the sale of licences and provision of services including integration and development. Revenue is recognised based on the analysis of individual contracts and the point at which significant risks and reward of ownership transfer is dependent on the contractual terms. In respect of a licence, this would usually be on delivery of the software. Software development and other consulting services generally recognised on the basis of work done but where issues of client acceptance are identified, then revenue is deferred until issues are resolved.

4 Segmental analysis

Operating segments are based on internal reports about components of the Group, which are regularly reviewed and used by the Board for strategic decision making, to allocate resources across segments and to assess performance by segment.

Since 2018 the Group maintained a holding company structure with one operating subsidiary. For financial reporting, Sorted Group Holdings Plc segments the Group based on its two distinct products. Firstly, its UK Data and Insights platform, which gives customers access to its data lake of over 36 billion location data points. This helps customers in a variety of ways, for example, competitor and footfall analysis, attribution services for advertisers, and even the ability to enhance the sustainability of transport systems. Secondly, Sorted Group Holdings Plc has developed a global platform called Verify, which brings transparency to the location based mobile advertising market. Verify allows marketeers to authenticate where their adverts have been viewed and uses proprietary technology to detect location ad-fraud, which would otherwise go unnoticed. The Insights segment was disposed of during the year.

It should be noted that a segmental analysis of the Balance Sheet is not part of routine management reporting and consequently no segmental analysis of assets is shown here.

The analysis of the Group's revenue from contracts with customers for the year is as follows:

	2023	2022
	£	£
Verify	53,066	110,856
	53,066	110,856

An analysis of the Group's revenue by geographical segment is as follows:

	2023	2022
	£	£
UK	27,800	63,249
ROW	25,266	50,607
	53,066	110,856

All non-current assets of the Group are held in the UK.

4. Segmental analysis (continued)

During the year there was revenue from individual customers that represented more than 10% of revenue as follows:

	2023	2022
	£	£
Verify – customer 1	25,266	58,109
Verify – customer 2	27,800	50,607

Average payments terms are set out in note 15. There are no significant financing components, nor variable consideration elements in customers' contracts.

5. Discontinued operations

Sale proceeds received in relation to the portion of the business sold £nil FY23 (FY22: £92,357).

This deferred consideration was not included in the sale proceeds recognised during 2021 as they did not meet the requirements for recognition within the accounting period.

6. Loss before taxation

Arrived at after charging/(crediting)

	2023	2022
	£	£
Depreciation expense	-	-
Amortisation expense	134,674	259,335
Exceptional administrative expenses*	(1,110,346)	(42,040)
Auditors remuneration		
- Company audit	10,560	10,000
- Subsidiary audit	15,840	15,000
Non-audit services:		
- Tax and other compliance services	3,575	7,750

*In 2023, Exceptional administrative expenses wholly relates to the Sorted Holdings Limited reverse takeover, which completed on 19 February 2024. In 2022, exceptional administrative expenses includes impairment of intangible assets of £143,482 and a credit on the reversal of share-based payments on the forfeit of share options of £185,522.

7. Finance income and costs

	2023	2022
	£	£
Finance income		
Interest income on bank deposits	34,007	8,368

8. Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023	2022
	£	£
Wages and salaries	159,844	331,703
Social security costs	19,950	38,899
Pension costs, defined contribution scheme	-	1,431
Share-based payment expense (credit) – see note 19	-	(185,522)
	179,794	187,000

8. Staff costs (continued)

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2023	2022
	No.	No.
Finance and operations	-	1
Non-executive Directors	2	2
	2	3

The average number of persons employed by the company (including Directors) during the year, analysed by category was as follows:

	2023	2022
	No.	No.
Finance and operations	-	1
Non-executive Directors	2	2
	2	3

9. Key management compensation and directors' remuneration

Details of aggregate key management emoluments for the year are as follows:

	2023	2022
	£	£
Salaries and other short-term employee benefits	159,844	314,924
Pension costs	-	1,320
	159,844	316,244

The Directors are of the opinion that the key management of the Group comprises the executive and the non-executive directors of Sorted Group Holdings Plc. These persons have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Directors' remuneration is disclosed in the Directors' Remuneration Report on pages 11 to 13. Directors' remuneration includes salaries settled by issue of shares, as disclosed in note 16.

10. Auditors' remuneration

	2023	2022
	£	£
Audit of the Company's financial statements	10,560	10,000
Audit of the subsidiaries' financial statements	15,840	15,000
	26,400	25,000
All other non-audit services comprising interim review and permitted tax services	15,000	7,750

11. Income tax

Tax charged/(credited) in the income statement

	2023	2022
	£	£
Current taxation		
UK R&D tax credit		-

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 25% (2022 - 19%).

The differences are reconciled below:

	2023	2022
	£	£
Loss before tax	(1,723,845)	(758,221)
Corporation tax at standard rate	(430,961)	(144,062)
Effect of expenses not deductible	311,441	42,208
Unrecognised deferred tax assets	119,520	101,854
Total tax credit	-	-

Subject to the UK tax authority's agreement, the Group has UK tax losses of approximately £22,097,511 (2022: £21,616,768) available to carry forward and offset against future taxable profits arising from the same trade. The Group has a potential deferred tax asset of £5,527,410 (2022: £4,109,997) which will not be recognised until it is regarded as more likely than not that there will be sufficient taxable profits from which the tax losses can be deducted. In addition, no deferred tax asset is recognised in respect of future tax deductions on exercise of share options.

SORTED GROUP HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

12. Loss per share

The calculation of loss per share is based on the loss of £1,723,845 (2022: £758,221) and on the number of shares in issue, being the weighted average number of equity shares in issue during the period of 2,647,587,398 0.1p ordinary shares (2022: 2,647,587,398 0.1p ordinary shares).

	2023	2022
	£	£
Loss for the financial year	(1,723,845)	(758,221)
Earnings per share		
Loss per share – basic and diluted	(0.065p)	(0.029p)

Dilutive instruments
Instruments that could potentially dilute basic loss per share in the future but are not included in the calculation of diluted loss per share because they are anti-dilutive.

13. Intangible assets

	Internally generated software development costs
	£
Cost or valuation	
At 1 January 2022	1,305,240
Additions	-
At 31 December 2022	1,305,240
At 1 January 2023	1,305,240
Additions	-
At 31 December 2023	1,305,240
Amortisation	
At 1 January 2022	767,749
Amortisation charge	259,335
Impairments	143,482
At 31 December 2022	1,170,566
At 1 January 2023	1,170,566
Amortisation charge	134,674
At 31 December 2023	1,305,240
Carrying amount	
At 31 December 2023	-
At 31 December 2022	134,674

13. Intangible assets (continued)

Internal development represents the cost incurred in developing the Group's Verify proprietary location verification software with net book value of £nil (2022: £134,674). These· internal costs have been capitalised in accordance with the Group's accounting policies where all the conditions for capitalisation have been met.

The intangible assets have been fully amortised as at 31 December 2023.

Impairment of research and development is considered within the conditions of capitalisation. Amortisation charges are included in administrative expenses, disclosed separately on the Consolidated Income Statement.

14. Investments

Company

	2023	2022
	£	£
Investment in subsidiaries	2,045,589	2,045,589
Capital contribution arising from IFRS 2 Share-based payments charge	988,785	988,785
	3,034,374	3,034,374

	Subsidiaries
	£
Cost or valuation	
At 1 January 2022	3,219,896
Revaluation	(185,522)
At 31 December 2022	3,034,374
Revaluation	-
At 31 December 2023	3,034,374
Carrying amount	
At 31 December 2023	3,034,374
At 31 December 2022	3,034,374
At 1 January 2022	3,219,896

Details of the Group subsidiaries held as direct investments of the Company as at 31 December 2023 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2023	2022
Location Sciences AI Limited	Verify	Same registered office address as group	100%	100%

15. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade receivables	105,753	160,892	-	-
Prepayments	14,042	47,534	-	58,797
Convertible bridge loan	2,516,491	-	-	-
Other receivables	81,389	19,646	-	-
Provision for bad debts	(25,541)	-	-	-
	2,692,134	228,072	-	58,797

Trade and other receivables are all current and the net carrying amount of trade receivables is considered a reasonable approximation of fair value. Average credit terms were 47 days (2022: 60) and average debtor days outstanding were 56 days (2022: 80) excluding balances that have been fully provided for.

All of the Group's trade and other receivables have been assessed for impairment based upon the expected credit losses model. In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Trade receivables are regularly reviewed for bad and doubtful debts. The Group's policy is to include a provision for impairment based on estimated credit losses. This includes an assessment where relevant of forward-looking information on macroeconomic factors that may affect the ability of customers to settle receivables. Trade receivables are written off where is no reasonable expectation or recovery, for example where the customer has entered insolvency proceedings or where a customer has failed to make contractual payments for an extended period.

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment note.

Trade receivables above include amounts (detailed below) that are past due at the end of the reporting period and which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there has not been a significant change in credit quality.

Age of trade receivables that are past due but not impaired	Group	
	2023	2022
	£	£
31 to 60 days	479	18,738
61 to 90 days	8,467	12,068
91 to 120 days	3,234	6,711
3 to 6 months	91,363	103,253
	103,543	140,771

Convertible bridge loan

The convertible bridge loan of £2,516,491 relates to a loan agreement with Sorted Holdings Limited. This agreement was entered into on 28 June 2023 for the purpose of providing Sorted Holdings Limited with working capital. The loan has a redemption premium of 50% and is secured by a first fixed and floating charge over Sorted Holdings Limited’s business and assets. At the Company's option, the loan can be converted into shares representing nearly 100% of the fully diluted share capital of Sorted Holdings Limited. Refer to the discussions relating to the Sorted Holdings Limited acquisition for further detail.

This secured convertible bridge loan agreement has been assessed for doubtful debts. The Group did not recognise any allowance for doubtful debts due to the secured nature of the amount outstanding. The underlying collateral is sufficient to ensure recoverability of the outstanding amount.

16. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade payables	90,800	7,170	-	-
Payables to related parties	1,852	-	-	-
Accrued expenses	890,986	89,660	271,094	19,000
Social security and other taxes	57,000	57,000	57,000	57,000
Other payables	-	4,034	-	-
	1,040,638	157,864	328,094	76,000

The Directors consider that the carrying amount of trade and other payables approximated their fair value.

Trade payables are paid between 30 and 60 days of receipt of the invoice.

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk management and impairment note.

17. Financial risk management and impairment of financial assets

Treasury risk management

The Group manages a variety of market risks, including the effect of changes in foreign exchange rates, liquidity and counterparty risks.

Credit risk

The Group's principal financial assets are bank balances, cash, trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are UK banks or "Blue Chip" companies with high credit ratings assigned by international credit rating agencies.

The credit risk associated with trade receivables is minimal as invoices are based on contractual agreements with long-standing customers. Credit losses historically incurred by the Group have consequently been considered by the Directors to be exceptional in their occurrence. The Group maintains a provision against receivables, however, this is not necessarily linked to credit risk and the ageing of receivables is not the most relevant indicator to determine the potential impairment of a receivable. The nature of the Group's operations is such that misunderstandings or minor disagreements may arise during the course of contracts, which may sometimes require an adjustment to be made to achieve settlement and the Group's provisions are made on a case by case basis, based on Directors' knowledge of the circumstances surrounding overdue balances as they arise.

As a result, investment returns and credit risk to the Group in this regard are not material to the financial statements.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date. No collateral is held in respect of these amounts which are expected to be received in full. In order to manage credit risk, credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

The Company has significant credit risks associated with the inter-company debt due from its subsidiary, which is fully provided for as at the year end. As with the Group's policy for making provisions against trade receivables, provisions against inter-company debt is considered based on the Directors' knowledge of the subsidiary's trading activity and financial position.

17. Financial risk management and impairment of financial assets (continued)

Currency risk

The Group's operations are primarily located in the United Kingdom. The Group's transactions during 2022 were predominantly denominated in sterling, with consequently little exposure to foreign currency risks. Due to the limited risks to the Group, forward exchange contracts are not considered necessary and are not used. At the year end, the Group operated both sterling and dollar bank accounts. Going forward the Directors will continue to monitor the currency risk.

The translation risk on the Group's foreign exchange payables and receivables is considered to be immaterial due to their short-term nature.

Liquidity risk

The Group has sufficient capital resources to meet its external current liabilities as they fall due in 2023.

Operational cash flow represents on going trading revenue and costs, administrative costs and research and development activities. The Group manages its liquidity requirements by the use of both short-term and long-term cash flow forecasts. The Group's policy is to ensure facilities are available as required or to issue equity share capital to ensure cash resources available are in accordance with long-term cash flow forecasts. The Group currently has no overdrawn committed facilities as at 31 December 2023.

The Group actively manages its working capital to ensure it has sufficient funds for operations and planned research and development activities.

The Group's main financial liabilities include trade payables and operational costs. All amounts for trade and other payables are due for payment in accordance with agreed settlement terms with suppliers or statutory deadlines. All such payment terms are within six months.

Capital management

The Group's activities are of a type and at a stage of development where the most suitable capital structure is that of one primarily financed by equity. The Directors will reassess the future capital structure when projects under development are sufficiently advanced.

The Group's financial strategy is to utilise its resources and current trading revenue streams to commercialise its products and grow revenues. The Group keeps investors informed of its progress with its projects through regular announcements and raises additional equity finance at appropriate times.

The Group manages capital on the basis of the carrying amount of equity, and debt with regard to maintaining sufficient liquidity to enable the Group to continue to trade and invest in commercialisation. As at the year end the equity to overall financing ratio, excluding IFRS 16 adjustments, is 6 (2022: 1).

Categories of financial instruments

All of the Group's financial assets are classified as loans and receivables; see note 15. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

All of the Group's financial liabilities are classified as liabilities at amortised cost: see note 16. The Directors consider that the carrying amount of trade and other payables approximates their fair value. All financial liabilities are due within one year.

The accounting policies applied are set out in note 2.

18. Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	**£**	**No.**	**£**
New Ordinary shares of 0.1p each	2,647,587,398	2,647,587	2,647,587,398	2,647,587
Deferred shares of 0.99p each	1,040,712,398	10,303,054	1,040,712,398	10,303,054
New deferred shares of 0.9p each	376,651,734	3,389,866	376,651,734	3,389,866
	4,064,951,530	16,340,506	4,064,951,530	16,340,506

Share rights
Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Deferred shares have attached to them no voting, dividend or capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Warrants in Issue

1) Promoter Warrants - non-transferable warrants to subscribe for up to 1,500,000,000 Ordinary Shares, exercisable at the 0.20p for five years from 25 May 2021, were issued to certain members of the Concert Party in consideration of those persons assembling and coordinating the Concert Party's investment in the Company in May 2021 and facilitating the appointment of Simon Wilkinson as Non-Executive Chairman.

Name	Number of Ordinary Shares subject to Promoter Warrants
Richard Hughes	500,000,000
Mahmud Kamani	500,000,000
Simon Wilkinson	500,000,000

2) Cornerstone Investor Warrants - non-transferable warrants to subscribe for up to 250,000,000 Ordinary Shares, exercisable at 0.20p for five years from 25 May 2021, were issued to the Cornerstone Investors of the May 2021 placing.

Name	Number of Ordinary Shares subject to Cornerstone Investor Warrants
Ben Turner	50,000,000
Donna Turner	75,000,000
James Pope	50,000,000
Maxine Pope	75,000,000

3) Broker Warrants - transferable warrants to subscribe for up to 100,000,000 Ordinary Shares, exercisable at the 0.20p for five years from 25 May 2021 were issued as shown below.

Name	Number of Ordinary Shares subject to Broker Warrants
Turner Pope	58,750,000
Dr Nigel Burton	25,000,000
Mark Slade	10,000,000
David Rae	6,250,000

4) Director Warrants - non-transferable warrants to subscribe for, in aggregate, 120,000,000 Ordinary Shares were issued to the Executive Directors and the Non-Executive Directors, exercisable at 0.20p for five years from 25 May 2021, provided that the Ordinary Shares have traded at a Volume Weighted Average Price (VWAP) at or above 0.30p for 20 consecutive Business Days, or on a change of control of the Company.

18. Share capital (continued)

Name	Number of Ordinary Shares subject to Broker Warrants
Mark Slade	30,000,000
David Rae	30,000,000
Simon Wilkinson	30,000,000
Dr Nigel Burton	30,000,000

The expense recognised in respect of all warrants issued as part of the May 2021 fundraise has been recognised directly in the share premium reserve, based on the fair value of the services received that are considered to directly relate to the issuing of shares.

19. Share-based payments

The share option scheme was originally adopted by the company on 29 September 2011. It was established to attract and retain the best available personnel for positions of responsibility, to provide additional incentive to employees, officers or consultants of the company and to promote the success of the company's business. Further to the acquisition of the business by Location Sciences Group pie , the options were granted over shares in the parent entity. The share option scheme was and continues to be administered by the directors.

All outstanding options as at 1 January 2018 and outstanding options issued in March 2018 and May 2018 were surrendered and replaced by options issued in November 2018. Further in 2019 part of the outstanding share options issued in November 2018 were surrendered and replaced by options issued in July 2019. Share options surrendered are accounted for as modified options under IFRS 2. The incremental value of the modified share options is not material.

Share options issued in November 2018, February 2019, May 2019 and October 2019 are to be settled by way of issues of Ordinary Shares. The options have no vesting period but cannot be exercised until target share prices are achieved and have a maximum term of 10 years.

The target share prices are as follows:

Target A: £0.048
Target B: £0.073
Target C: £0.097

The movements in the number of share options during the year were as follows:

	2023	2022
	Number	Number
Outstanding, start of period	-	24,666,666
Forfeited during the period	-	(24,666,666)
Outstanding, end of period	-	-

All share options were forfeited during the year ended 31 December 2022.

19. Share-based payments (continued)

The movements in the weighted average exercise price of share options during the year were as follows:

	2023	2022
	£	£
Outstanding, start of period	-	2.25
Forfeited during the period	-	2.25
Outstanding, end of period	-	2.25

All share options were forfeited during the year ended 31 December 2022.

There was a credit on the reversal of share-based payments on the forfeit of share options of £nil during the period (2022: share-remuneration expense £185,522).

20 Commitments

No capital expenditure was committed to as at 31 December 2023 (2022: £Nil).

21 Related party transactions

None during the period.

22 Net debt note

The Group and Company has no debt, thus no net debt note is presented.

23 Post balance sheet events

Following an announcement on 28 June 2023 where we entered into an exclusive non-binding heads of terms for a potential acquisition of the entire issued share capital of Sorted Holdings Limited (the "Proposed Acquisition"), we published an AIM admission document on 30 January 2024. This document detailed the proposed acquisition of SHL, a proposed subscription of 2,285,712 new ordinary shares at 87.50 pence per new ordinary share to raise approximately £2.0 million, a proposed 625 to 1 share consolidation, a proposed change of name and AIM ticker symbol to Sorted Group Holdings PLC and SORT respectively, director appointments, a notice of general meeting, and the restoration of trading of the Company's existing ordinary shares on AIM. Terms were agreed for the acquisition of the entire issued and to be issued share capital of SHL for an aggregate nominal consideration of approximately £66.73 to be paid in cash at completion.

All the relevant resolutions were passed on 16 February 2024 and the above proposals completed on 19 February 2024. The enlarged group was successfully admitting to AIM on the same day. As part of this, Carmen Carey was appointed as Chief Executive Officer, Mahmoud Warriah as Chief Financial Officer and Petar Cvetkovic as Non-Executive Director.