EVCARGO

ANNUAL REPORT 2022

Managing supply chains for the world's leading brands.

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This annual report covers the financial year ending 31 December 2022. Information on pages 1-44 is unaudited. Financial information on pages 45-76 is taken from audited accounts.

EVCARGO

Annual Report 2022

EV Cargo provides a technology-enabled supply chain management and logistics execution platform for the world's leading brands.

We are a purpose-led organisation focused on powering the global economy by offering tailored technology-enabled and highly-integrated logistics solutions to thousands of customers worldwide who trust us to manage their supply chains and serve their customers year after year.

Guided by our core values of growth, innovation and sustainability, and powered by our global team of 3,000 supply chain professionals, EV Cargo is committed to its vision of driving the digital transformation of logistics, through its proprietary technology platform ONE EV Cargo.

Simply put, EV Cargo is all about excellent people providing industry-leading technology-enabled supply chain solutions to great businesses.

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Welcome From Our Founder, Chairman & CEO

Despite continued supply chain disruptions, tough market conditions, a challenging economic backdrop and the steady normalisation of volumes throughout 2022, EV Cargo posted positive financial results and made significant progress toward our global growth strategy thanks to a year of investments and integration.

Managing Supply Chains For The World's Leading Brands

During 2022, we made strong progress against our strategic objectives, despite the challenging market dynamics, most notably a general softening of demand through the year as consumer confidence was increasingly impacted by inflation, high interest rates and global instability.

The resulting economic slowdown and rapid normalisation of average selling prices across the industry throughout 2022 also acted as a meaningful obstacle to growth and is expected to continue through 2023.

As always, we are highly focused on taking decisive and consistent action to continue to grow our capacity and performance during challenging times. The agility of our business model, which allows us to quickly scale operations to align with market demands, alongside the strength of our leadership team and the collective efforts of our people globally, allowed us to compete favourably in the general market while delivering the best possible service to our customers.

Despite the challenging environment, we were successful in growing revenue across the business as we execute our strategic plan to build EV Cargo into a truly global freight forwarding, supply chain services and technology business.

EV Cargo Founder, Chairman and CEO Heath Zarin.

Acquisitions Add Strength And Drive Opportunity

For EV Cargo, it was also a year of investments and integration. We successfully completed the acquisition and integration of Netherlands-headquartered air and sea freight forwarder Fast Forward Freight, creating a substantial pan-European logistics execution platform as well as bringing meaningful capability and business in new high value verticals including automotive, aerospace, marine engineering and pharmaceuticals.

An add-on acquisition of Madrid-based air freight forwarder Air Express Cargo further extended our European footprint into Iberia and enabled the development of our Europe to Latin America air-bridge service. Furthermore, we made substantial progress toward the acquisition of another European air and sea freight forwarder that will further increase our scale in the key Netherlands market, an acquisition that completed in early 2023.

Finally, we completed the acquisition of Dobbs Logistics, a successful regional road freight operator in the UK whose subsequent integration into our UK platform substantially strengthens the network coverage and competitive advantage of Palletforce, our LTL road freight network.

Significant Expansion Of Own Operations Across Greater China And Asia

In Asia we saw great success with our organic expansion plans in mainland China and also across Southeast Asia, completing the recruitment of our expanded regional teams, establishing operating entities in the target markets and rapidly scaling up our operational readiness.

This positioned us well to provide end-to-end global services from our own offices and people, ensuring we continue to deliver the highest service levels for our customers, with their supply chains managed by EV Cargo people and systems from source to shelf.

As well as allowing for increased service and innovation, the expansion of our Asian footprint will also enable us to be far more effective in business development locally in these fast growing markets.

Embracing Our Vision And Values Daily

Throughout the year, we continued our commitment to our vision of driving the digital transformation of logistics, something we undertake every day through our integrated technology platform ONE EV Cargo, combining our own proprietary systems with best in class, third-party software.

We launched EV Scope, an innovative tool to help customers report on freight emissions, and our sustainability strategy gained huge momentum as we work toward our target of carbon neutrality across scope 1 and 2 emissions by 2030. Pioneering decarbonisation initiatives to reduce our environmental impact, we slashed greenhouse gas emissions by 29% in just 12 months and helped our customers decarbonise their global supply chains.

Prioritising diversity, equity and inclusion, we increased our UN Women's Empowerment Principles Gap Analysis score from 29% to 71%, significantly outperforming our industry peers, and exceeded our targets of increasing the number of females in senior management positions.

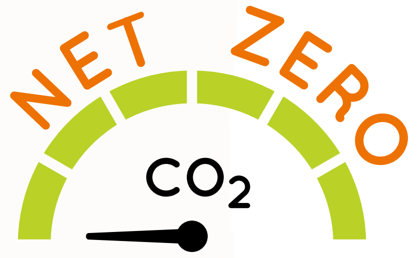
Record Financial Results

EV Cargo has continued to post record results with revenues in 2022 increasing by 5% to £1.183 billion.

"Through a combination of organic growth and M&A, we will build a truly global freight forwarding and logistics platform based on our strong existing footprint in the UK and Europe, and our rapidly expanding capabilities across Asia."

29%

We reduced our carbon footprint by 29% in 2022.



2030

Our goal is to reduce overall CO_2 emissions and be scope 1 and 2 carbon neutral by 2030.

Gross profit increased by 14.2% to £165.0 million despite growth being impacted both by freight rates continuing to return to pre-pandemic levels and volumes softening in the final quarter.

These results, both financial and operational, demonstrate that EV Cargo is an agile and responsive business with a robust leadership team and skilled people in a wide range of global locations who are committed to delivering service excellence and an unrivalled experience for our customers.

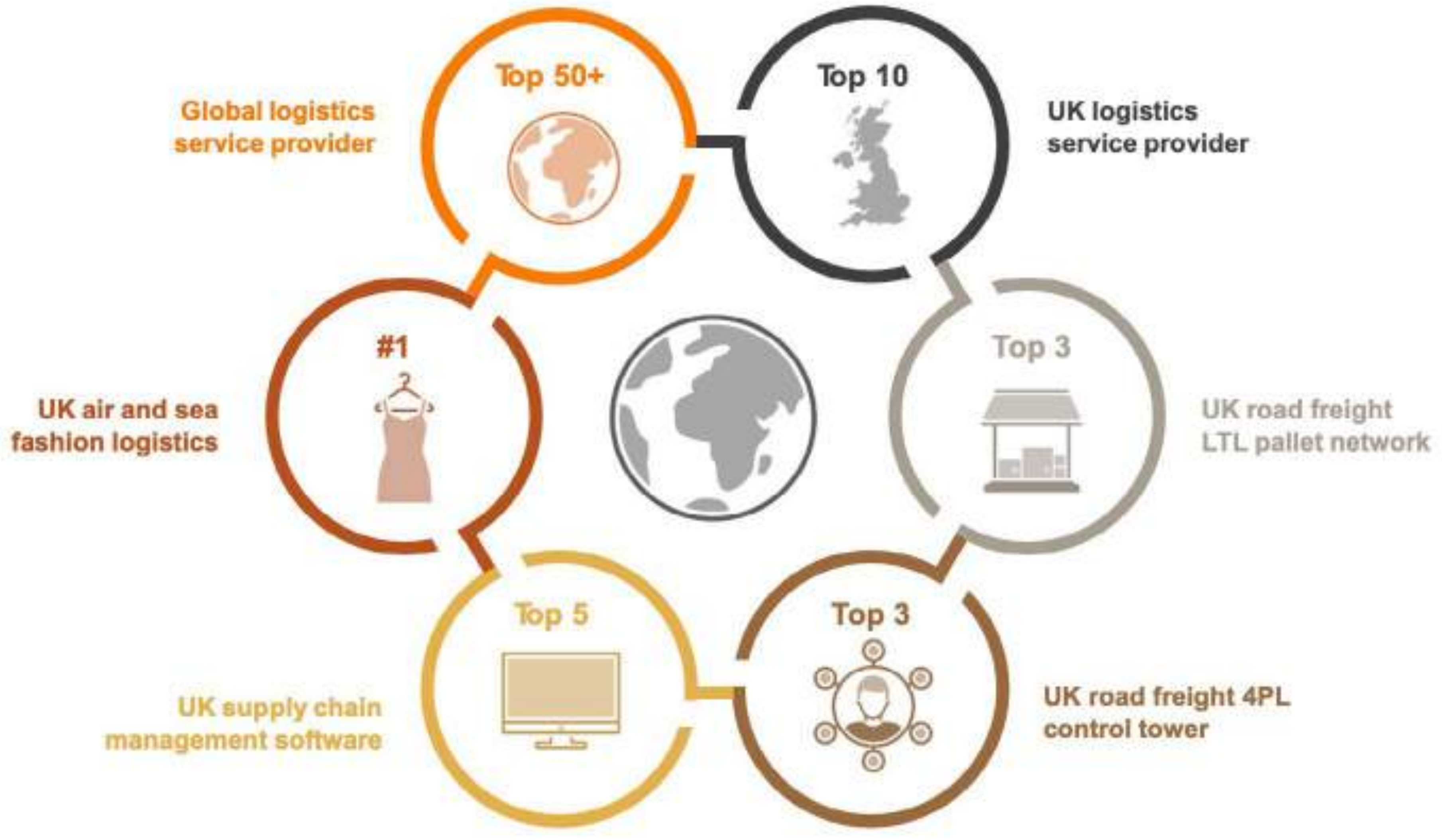
I want to acknowledge those efforts and thank all our EV Cargo colleagues for their commitment and contribution during 2022.

Heath Zarin
EV Cargo Founder, Chairman and CEO

Introducing EV Cargo

EV Cargo is a global logistics execution and supply chain services platform. We provide air and sea freight, road freight and contract logistics along with associated value-added services.

We provide a technology-enabled supply chain management and logistics execution platform for the world's leading brands.



Core Business Model

Every year we move over 270,000 TEU of sea freight, 70,000 tonnes of air freight, 4.2 million pallets of less-than truckload (LTL) road freight and 500,000 loads of full-truckload (FTL) road freight.

We operate over 3 million square feet of warehousing and 400 of our own trucks while also partnering with the world's leading airlines and ocean carriers and a deep pool of road freight carriers.

Our global headquarters in Hong Kong sits at the heart of a network with over 90 locations in 25 countries worldwide through which we deliver our comprehensive range of air and sea freight, road freight and contract logistics services.

Every month we enable trade between more than 2,400 country pairs with our air and sea freight services while our road freight solutions link the UK daily with 27 countries across the European mainland as well as delivering to every UK postcode every day.

Our flexible mix of own-operated and on-demand warehouse capacity ensures we can hold inventory and fulfil orders in all our key markets.

EV Cargo's people make the difference. Combining unrivalled experience, subject matter expertise and a passion for delivering winning customer solutions, our team of over 3,000 supply chain professionals manage supply chains for the world's leading brands every day in every one of our worldwide locations.

ONE EV Cargo is our leading digital platform, powering global trade and delivering technology-enabled supply chain management for customers large and small.

Thousands of buyers, producers and logistics service providers worldwide are connected through our platform, enabling the secure and sustainable international movement of goods, data and funds.

270,000 TEU sea freight

400 own trucks 1,200 trailers

3,000 supply chain professionals

3m sq ft warehousing

70,000 tonnes air freight

20,000 operatives use our software

4m orders managed

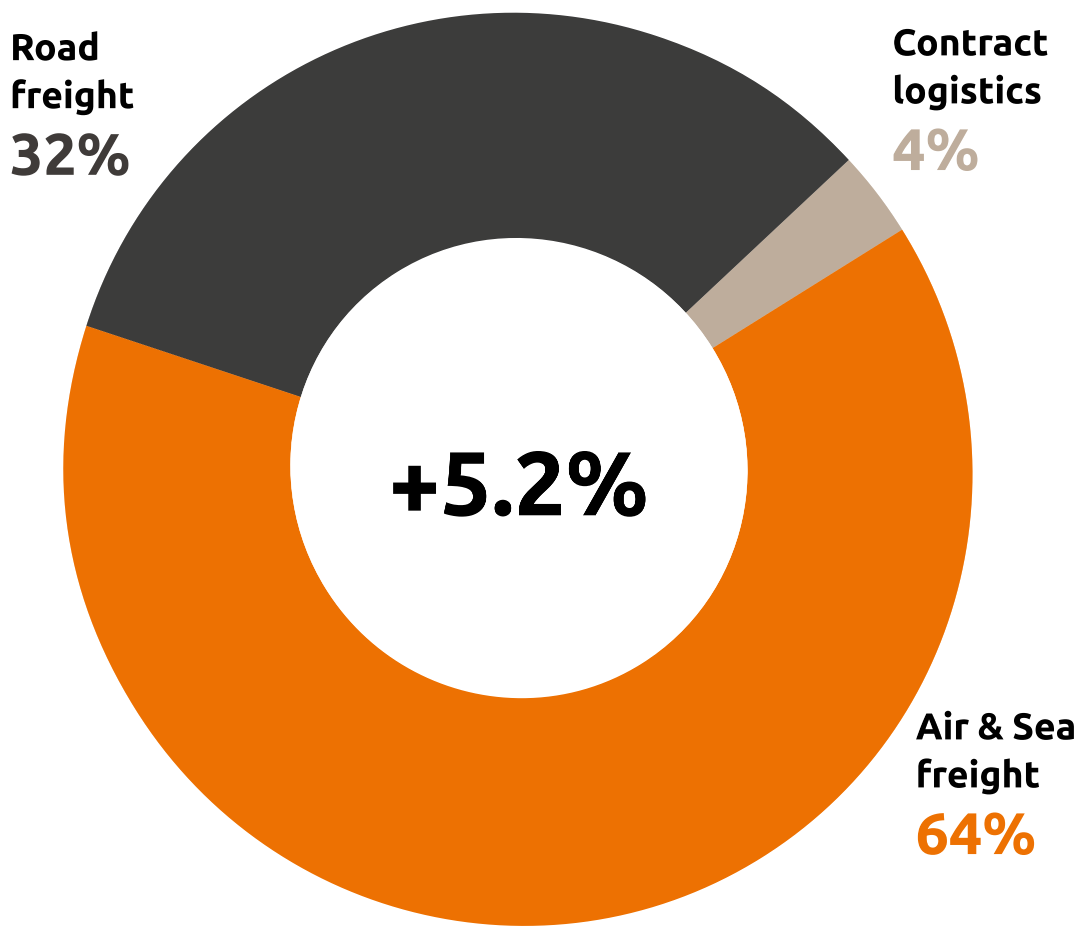
4.2m pallets LTL road freight

FY22 Highlights

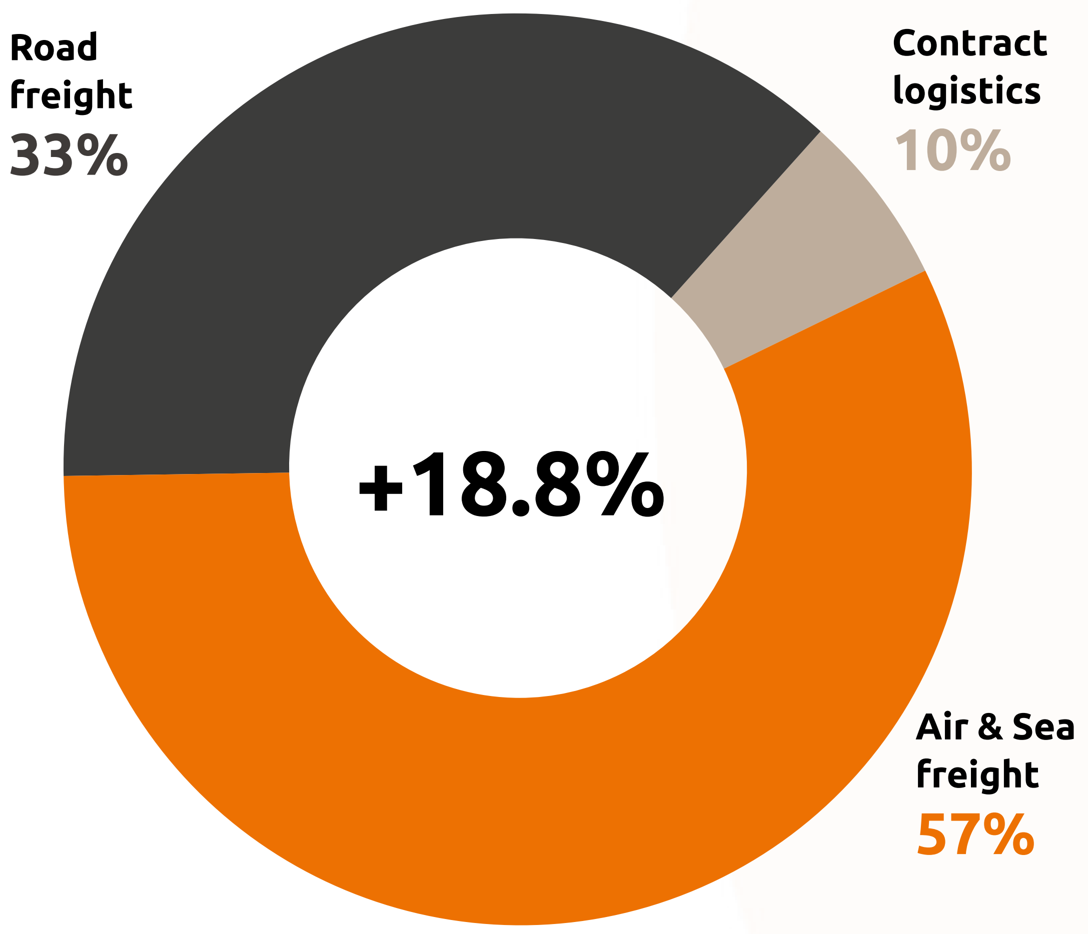
Revenues during 2022 were £1.147 billion, growing from £1.091 billion in 2021, mainly attributable to acquisitions which completed during the year.

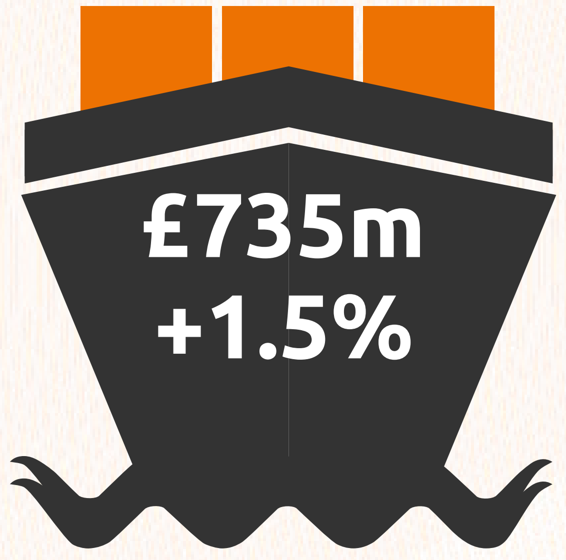
While total revenue increased by 5.2% in 2022, the air and sea freight segment remained flat, despite our acquisitions, mainly due to the reduction of freight rates and the economic slowdown in the second half of the year. Road segment achieved good revenue growth of 10.1% and contract logistics of 36.5%, both driven by the acquisition of Fast Forward Freight.

2022 Revenue: £1.147 billion
2021 Revenue: £1.091 billion



2022 Gross profit: £163.6 million
2021 Gross profit: £137.7 million

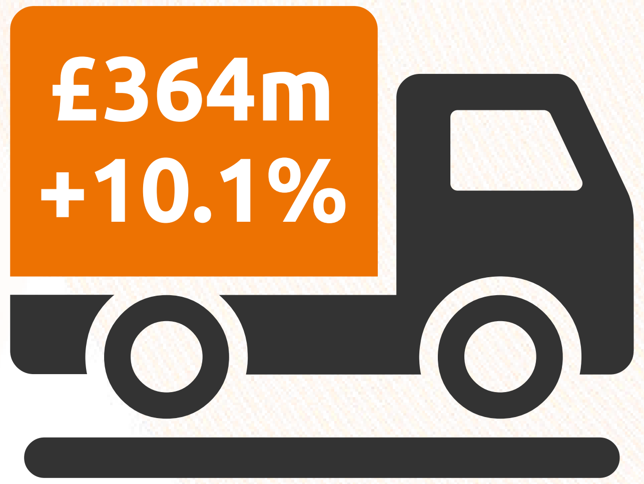




Air & Sea Freight

Revenue: £735 million, an increase of 1.5% from 2021.

Gross profit: £95.2 million, a decrease of 10.1% from 2021.



Road Freight

Revenue: £364 million, an increase of 10.1% from 2021.

Gross profit: £55.0 million, an increase of 260.6% from 2021.

Contract Logistics

Revenue: £47 million, an increase of 36.5% from 2021.

Gross profit: £16.4 million, an increase of 26.8% from 2021.

CUSTOMER PROPOSITION & CORPORATE STRATEGY

We help power the global economy by managing supply chains for the world's leading brands.

Our Customer Proposition

Thousands of customers worldwide trust us to manage their supply chains because of the expertise and integrity of our people, the power of our technology, the strength and quality of our solutions and the reliability of our service delivery.

Global Platform
Our comprehensive global logistics execution platform provides a unique integrated proposition of air and sea freight, road freight and contract logistics to meet all of your supply chain needs worldwide.

Value Creation
We unlock sustainable value within your supply chain by helping to reduce your operating costs, improve your customer service and maximise your inventory productivity.

Reliable Partner
We are financially strong and well invested, with a sustainable growth mindset that combines the development of our capability and footprint while acting in the best interests of the environment and our global stakeholders.

Outstanding People
Our team of supply chain professionals has immense industry knowledge and experience and is deeply passionate about developing and delivering world class logistics solutions for you.

Air & Sea Freight

Through our air and sea freight forwarding activities and related supply chain technology services, EV Cargo is a leading digital platform for trade, powering the global economy.

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Our rapidly expanding global network, along with long-standing relationships with the world's leading air and ocean carriers, underpins our service capability, and our proprietary range of multimodal solutions ensures our customers are able to select the most suitable routing and mode for each of their shipments based on transit time and cost.

In 2022 we managed the door to door movement of 270,000 TEU of sea freight and 70,000 tonnes of airfreight worldwide, and our global air and sea freight services connected over 2,400 country pairs, serving over 160 export countries and 200 destination markets. Our comprehensive land-side operations in origin and destination provide buyers and multi-country consolidation services, QC inspection, customs clearance, storage, handling and final mile delivery.

Our many customers worldwide use the EV Cargo platform to source, select, order, ship, track, clear customs and deliver their international shipments.

Furthermore, thousands of buyers, producers and logistics service providers worldwide are connected through ONE EV Cargo, our proprietary technology platform that enables the secure and sustainable international movement of goods, data and funds.

Spotlight On: PO Management

EV Cargo is a leading provider of international purchase order management services, enabling the direct sourcing operations of the world's leading brands. Our purchase order management services are used by many leading UK and European retail and consumer goods brands, as well as for high-value time-critical international supply chains within the automotive, aerospace and marine engineering industries.

Purchase order management services feature technology-enabled supply chain control towers that provide time-critical orchestration and flow management of buyers international purchase orders from source to end-user, enabling them to maximise their inventory availability and productivity, while minimising their total cost of acquisition.

270,000 TEU sea freight

70,000 tonnes air freight

Over 160 export markets each month

Over 200 destination markets each month

Spotlight On: 4PL Road Freight

Through our 4PL road freight service, EV Cargo provides efficient and sustainable, technology-enabled and highly-customised managed-transport solutions for large and complex supply chains. By using the predictable empty re-positioning legs within the networks of our partner carriers as the core of our managed solutions, we actively reduce our carbon foot-print, and that of our customers through making maximum use of trucks and drivers that are already on the road.

Our carrier base of over 100 partners provides a pool of around 5,000 trucks from which to cover thousands of loads every week between more than 800 manufacturing locations and distribution centres across the UK, most notably for leading consumer goods companies including AB InBev, Refresco and Whirlpool.

Every day customers orders flow by EDI or API into ONE EV Cargo, our proprietary integrated tech stack, from where our control tower team takes over and routings are decided based on the solution design, timings agreed, resources allocated and booked, and the orders moved seamlessly through the execution phases from first mile collection to final mile delivery, all the while being tracked in real-time.

Road Freight

EV Cargo is a leading UK and European road freight provider, offering our customers managed access to an integrated fleet of over 15,000 trucks.

EV Cargo is a leading UK and European road freight provider, offering our customers managed access to an integrated fleet of over 15,000 trucks.

Our road freight operations involve the door-to-door movement of domestic and cross-border shipments, where we operate solutions for less-than-truckload (LTL) and full-truckload (FTL). In 2022 we managed the delivery of over 4.2m pallets of LTL freight and 500,000 FTL shipments. Our road freight services connect every UK postcode every day as well as providing substantial service coverage across continental Europe.

Operating under the Palletforce brand, we have one of the leading UK LTL road freight networks, providing daily deliveries of palletised freight to every UK postcode as well as to and from 27 European countries. Our LTL network is underpinned by our industry-leading central pallet sortation SuperHub in Burton on Trent in the UK, along with our European road freight hub in Nettetal on the German / Dutch border.

Our FTL service operates through a central control tower that is underpinned by ONE EV Cargo our proprietary technology stack. The control tower optimises the mix of subcontracted third-party carriers and our own fleet of 400 trucks to provide fully managed delivery solutions for many leading industrial, retail and consumer goods brands.

EV Cargo is also a leading provider of European cross-border freight forwarding services for both groupage and full loads, including hanging garments. Our extensive cross-border European overland network extends south to Turkey and North Africa, east to the Black Sea and north to the Baltic states and is underpinned by over 20 of our own offices from Greece in the south to Poland in the north.

4.2m pallets of LTL road freight

500,000 loads FTL road freight

5,000 4PL trucks 400 own trucks

100,000 UK collection locations served

Contract Logistics

EV Cargo provides integrated warehousing and distribution services primarily focused around serving the final mile requirements of international supply chains.

We offer our customers a global network of 3 million square feet of own-operated warehouse space that is supplemented by over 6 million square feet of third-party warehouse space and all underpinned by ONE EV Cargo, our proprietary technology stack.

We have contract logistics capability in all of our major operating markets, offering storage, order fulfilment and value added services, and these large and efficient multi-customer contract logistics operations enable us to offer the highest levels of service quality and flexibility.

We also operate a number of large dedicated single customer contract logistics facilities in both the UK and Europe specifically in the drinks, home & living, and automotive segments. Our contract logistics operations are seamlessly integrated with our road freight and international air and sea freight operations, enabling us to offer customers a complete end to end solution.

Our Amsterdam, Rotterdam, Nettetal and Le Havre sites are particularly focused on providing port-centric logistics services and onward final mile delivery across Europe.

Spotlight On: European Contract Logistics

Our logistics centre in Amsterdam is located close to Schiphol, one of Europe's leading air cargo hubs. This modern facility features 5,000 racked pallet positions along with special handling zones for high care cargo such as pharmaceuticals. The site offers storage, break bulk, cross-dock and order fulfilment services along with final mile distribution by road across Europe and export services globally by air and sea.

Located within 10 kms of one of Europe's major sea freight gateways is our port-centric logistics centre in Le Havre. This modern facility features 16,500 racked pallet positions and offers order fulfilment, export by sea and final mile distribution by road across Europe .

Strategically located close to the key logistics hub of Venlo and the major sea freight gateways of Antwerp and Rotterdam, is our Nettetal logistics centre. This versatile facility features 5,000 racked pallet positions and offers storage, order fulfilment services along with final mile distribution by road across Europe and export by sea.

6.2 million pallet weeks in the UK

Over 3,000 daily eCommerce orders

60 on-demand warehouse partners

Our Purpose, Goal, Mission, Vision & Values

EV Cargo is a purpose-led organisation focused on powering the global economy by managing the flow of goods, data and funds on behalf of pioneering businesses of all sizes.

Our Goal

To build EV Cargo into a top-20 global freight forwarding, supply chain services and technology business.

Through a combination of organic growth and M&A, we will build a global logistics execution platform based on our strong existing footprint in the UK and Europe, our rapidly expanding footprint across Asia and our planned expansion into North America.

Furthermore, we will underpin this geographic expansion with meaningful ongoing investment in the quality of our leadership team, the development of our people and the strength of our technology stack.

Our success will be powered by that of our customers as we relentlessly seek out new ways to strengthen and improve their supply chains and help grow their sales.

Our Mission

We manage supply chains for the world's leading brands. This is what we do today, the everyday focus of our 3,000 supply chain professionals in 90 locations across 25 countries worldwide, serving and creating value for our customers by managing the flow of their goods and data, all underpinned by our deeply embedded operational processes and ONE EV Cargo, our industry leading technology stack.

Our Vision

We will transform logistics into a technology industry.

This is what we are working to achieve in the future, a paradigm shift in how the logistics industry thinks about itself and is perceived by its customers and investors, an industry led by those able to best develop and deploy transformational technology to power their operating model and customer proposition.

Our Values

We are guided by our fundamental values of growth, innovation and sustainability, which when combined create a powerful flywheel for success.

Mission

We manage supply chains for the world's leading brands.

Vision

We will transform logistics into a technology sector.

Purpose

We power the global economy.

Growth

- We put the success of our customers' business at the heart of everything we do.
- We underpin our long term success with financially sustainable activities, relationships and expenditures, always.
- Our increasing scale provides all our people with the opportunity to realise their full potential.

Innovation

- We keep our services fresh and relevant for our customers', delivering great value always.
- We embed technology in all that we do to make ourselves easy to work with and easy to work for.
- We relentlessly seek out new ways to work more effectively and better serve our customers'.

Sustainability

- We work hard to minimise the environmental impact of our own and our customers' global operations.
- Our workplaces create a safe and fair environment for all of our people to work and develop their careers.
- We are ethically responsible and active members of our local and global communities, seeking to do the right thing always.

Value Proposition

Our comprehensive range of integrated customer solutions enables the secure and sustainable global movement of goods, data and funds spanning the entire value chain.

Increased Sales	Increased Profit	Reduced Inventory	Reduced Logistics Costs	Reduced Operating Costs
Better customer availability, fewer lost sales.	Better full-price sell through, fewer markdowns.	Better inventory productivity, lower safety stocks.	Better routing and loading, fewer, cheaper miles.	Better employee productivity, fewer, simpler processes.

We focus on positively impacting the three primary drivers of supply chain optimisation for our customers, namely logistics cost, customer service and inventory productivity.

We have a clear understanding of our customers internal success measures and value levers and have targeted our key competencies towards driving ever greater efficiency, reliability, accuracy, agility and visibility.

We concentrate on unlocking meaningful and sustainable value for our customers within their supply chain operating models through:

- Our intelligent and innovative customer solutions.
- Our highly committed workforce, consistently delivering excellence.
- Our proprietary technology stack, combining in house and external solutions.
- Our lean, optimised and sustainable operations powered by technology and analytics.
- Our comprehensive network coverage, economies of scale and volume leverage.

Supply Chain Focus Area	Buyer Success Measures	Buyer Value Levers	EV Cargo Value Delivery	EV Cargo Competencies
Logistics Cost	Better: ✓ Supply Chain % to Sell ✓ Volume Leverage ✓ Asset Utilisation	Reduced: ✓ Inbound Logistic Cost ✓ Outbound Logistic Cost ✓ Rework Cost ✓ Return Cost	Increased: ✓ Efficiency	✓ Forecasting and Planning ✓ Resource Scheduling ✓ Freight Procurement ✓ Network Optimisation ✓ Warehouse Optimisation ✓ Process Automation ✓ Data Analytics
Customer Service	Better: ✓ Customer Availability ✓ Depot Service Level ✓ Fill Rate ✓ Lead Time / Frequency ✓ On Time Delivery	Reduced: ✓ Lost Sales ✓ Lost Customers ✓ Lost Efficiency ✓ Lost Capacity	Increased: ✓ Reliability ✓ Accuracy ✓ Visibility ✓ Agility	✓ On Time Delivery ✓ In Full Delivery ✓ Inventory / Order Status ✓ EOQ Optimisation ✓ Transit Time ✓ Routing Flexibility ✓ Data Analytics
Inventory Productivity	Better: ✓ Inventory Turns ✓ Inventory Accuracy ✓ MOQ ✓ Lead Time / Frequency ✓ Full Price Sell Through	Reduced: ✓ Waste Cost ✓ Shrink Cost ✓ Mark Down Cost ✓ Interest Cost	Increased: ✓ Agility ✓ Visibility ✓ Accuracy ✓ Reliability	✓ On Time Delivery ✓ In Full Delivery ✓ Inventory / Order Status ✓ EOQ Optimisation ✓ Transit Time ✓ Routing Flexibility ✓ Data Analytics

Growth Strategy

Our goal is to build EV Cargo into a top-20 global logistics execution platform.

Growth Strategy

Our multi-year growth strategy is based on three key streams, to grow revenue, to expand margins and to build excellence.

Grow Revenue

- To deliver double digit annual organic revenue growth
- To execute and integrate a targeted M&A strategy

Expand Margins

- To generate upper quartile EBIT margins
- To generate substantial free cash flow

Build Excellence

- To fully digitalise the operating model and customer experience.
- To build a world-class team and people culture with industry-leading colleague retention.

In 2022 we made strong progress against these strategic objectives, in spite of the challenging market dynamics, most notably a general softening of demand through the year as consumer confidence was increasingly impacted by both inflation and global instability and uncertainty.

The rapid normalisation of average selling prices across the industry in sea freight and to a less extent air freight through 2022 also acted as a meaningful drag on revenue growth.

We successfully completed the acquisition and integration of Netherlands-headquartered air and sea freight forwarder Fast Forward Freight, and in doing so created a substantial pan-European logistics execution platform as well as bringing meaningful capability and business in new high-value verticals including automotive, aerospace, marine engineering and pharmaceuticals.

An add-on acquisition of Madrid based air freight forwarder Air Express Cargo further extended our European footprint into Iberia and enabled the development of our Europe to Latin America air-bridge service.

Furthermore, we made substantial progress towards the acquisition of another European air and sea freight forwarder that will further increase our scale in the key Netherlands market, an acquisition that completed in early 2023.

EV Cargo Chief Strategy Officer Simon Pearson.

"We successfully completed the acquisition and integration of Netherlands-headquartered air and sea freight forwarder Fast Forward Freight, and in doing so created a substantial pan-European logistics execution platform."

Finally we completed the acquisition of Dobbs Logistics, a successful regional road freight operator in the Southeast of the UK who's subsequent integration into our UK platform substantially strengthens the network coverage and competitive advantage of Palletforce, our LTL road freight network.

In Asia we saw great success with our organic expansion plans in mainland China and also across Southeast Asia, completing the recruitment of our expanded regional teams, establishing operating entities in the target markets and rapidly scaling up our operational readiness to put us in a great position to complete the migration during 2023 of our controlled volume from being serviced by joint ventures in Asia to being serviced by our own offices and people.

The expansion of our own office footprint will enable us to provide higher service and innovation to customers, alongside an increased breadth of services, and be far more effective in business development locally in these fast growing markets, especially in Southeast Asia which is benefiting from the increase in China +1 manufacturing strategies.

Our investment in digitalisation continued to pay dividends as we further strengthened and broadened the capability of ONE EV Cargo, our proprietary technology stack.

Specifically, we completed the initial phased roll out of a global HR system, on-boarding 75% of all employees by the end of 2022.

We also started the phased roll out of a global CRM, completing the on-boarding of our road freight and contract logistics segments in the second half of 2022.

Focusing on the use of data and advanced analytics, we made good progress on the development of our Horizon data lake and visualisation platform, completing the integration of the primary operational systems.

Finally we delivered four successive upgrades to the front-end user experience in EV Flow (previously LIMA), our proprietary purchase order management system and a number of features and functionality developments to EV Alliance the proprietary operating system used by Palletforce our LTL road freight network.

M&A Overview

Netherlands: Fast Forward Freight, an air and sea freight forwarder which boosts our European logistics execution platform and adds capability and business in new high-value industries.

Spain: Air Express Cargo, further extending our European footprint into Iberia and developing our Europe to Latin America air-bridge service.

UK: Dobbs Logistics, a UK road freight operator which strengthens the network coverage and competitive advantage of our LTL freight network Palletforce.

Technology & Digital

ONE EV Cargo is our proprietary integrated technology platform, which comprises a unique mix of in-house developed and best-in-class, off-the-shelf operational and back-office systems including a global finance system, CRM and HR systems and Horizon, a proprietary data analytics platform.

ONE EV Cargo

ONE EV Cargo is the digital platform that connects all of the participants within the supply chains under our management, acting as a digital hub for global trade. Around 20,000 supply chain professionals routinely use ONE EV Cargo to manage over 4 million orders a year, with a combined gross merchandise value of over £40 billion.

More than 6,000 factories worldwide rely on ONE EV Cargo to manage and execute their international export shipments on behalf of our direct customers, and some 3,000 truck drivers, both on our own fleet as well as those of our many road carrier partners, interact with ONE EV Cargo every day to receive instructions in real time and update their progress with live tracking.

Combining best of breed off-the-shelf software with proprietary in-house developed applications to maximise fitness-for-purpose, ONE EV Cargo powers the operational processes that enable our supply chain professionals to seamlessly manage the complexity of a multimode and multi-segment global logistics network. It underpins our network planning, resource and capacity allocation and operational execution. It also powers the productivity of our people through the integration driven end to end free-flow of data, and through widespread process optimisation and automation.

ONE EV Cargo

Built using 50+ years of accumulated knowledge

Used by 20,000 supply chain professionals

Manages over 4 million orders annually

Handles goods with £40 billion GMV annually

Proprietary Technology

Many of the applications within our ONE EV Cargo technology platform are proprietary and self-developed, benefiting from over 50 years of accumulated knowledge and experience of operational best practice, customer requirements and workflows, notable examples include: EV Alliance, which has ensured that EV Cargo's LTL pallet network Palletforce leads the way amongst its competitors in terms of operational innovation and the use of technology to automate and optimise the operating model and enhance the customer and member experience.

EV Flow (formerly LIMA) which has been the PO management system of choice for the UK's leading retailers since the late 1990s and has enabled us to capture a market leading share of the significant expansion in direct global sourcing by retailers and brands, by constantly evolving to handle ever increasing levels of supply chain complexity and the need for real time visibility and control.

These unique proprietary applications complement the best of breed off-the-shelf systems within ONE EV Cargo, such as CargoWise and BluJay, to enrich the overall features and functionality of the platform and build sustainable competitive advantage.

Digital Transformation

With substantial and ongoing investment in the development of ONE EV Cargo, we are on a multi-year transformation journey to digitalise logistics from the inside out, with four key pillars to our digital strategy.

- To create a digital customer experience.
- To simplify the work of our employees.
- To enable our managers to make better decisions.
- To generate new revenue streams through innovation.

For our customers, the focus of ONE EV Cargo is to simplify and wherever possible automate their interactions with us as we manage their supply chain operations every day.

This includes maximising the degree to which they can self-serve throughout the transactional lifecycle of a job from enquiry and quote, through initiation and tracking to job close, billing and payment. Increasingly it also makes available to customers, through an intuitive and functionally rich BI platform, all of the live and historical data they require to effectively see and monitor the performance of their supply chains.

For our employees the focus of ONE EV Cargo is to create time for value adding activities for our customers by increasing the automation of basic transactional processes. This is being substantially enabled by systems integration and the seamless flow of data through all aspects of the execution lifecycle, both from customer order through to final invoice, and between all operational stakeholders from the customer to EV Cargo and beyond to our third-party logistics partners.

For our managers, the focus of ONE EV Cargo is to maximise their ability to make agile and accurate data driven decisions. Using a powerful visualisation and analytics platform we are giving them the tools that will enable them to continuously improve the quality of both commercial and operational execution.

ONE EV Cargo powers our internal operational processes, managing the complexity of a multimodal network with over 3,000 truck drivers interacting with it daily.

Achieving data mastery is a key deliverable for this; how well we maintain our master data, train our users, integrate and exchange data and pay attention to the entry and management of each data element.

We want to leverage innovation to maximise revenue generation from new technology-enabled products and services.

Ongoing investment will focus on developing ONE EV Cargo into a fully digital freight platform, including brokerage and marketplace capabilities, on providing deeper and more forward-looking supply chain insights for customers and on offering technology enabled supply chain finance services.

Digital Strategy Highlights

Customer
A key objective of our digital transformation strategy has been to transform the customer experience. A single sign-on portal enables customers to access ONE EV Cargo and, from there, two in-house developed systems underpin the customer experience. EV Flow is EV Cargo's industry-leading PO management system that provides deep SKU level visibility and control to underpin the global sourcing operations of large retailers and brands. EV Track is our ground-breaking new shipment management system that provides interactive supply chain visibility and management for all customers large and small.

Operational
For air and sea freight, ONE EV Cargo uses the industry leading CargoWise1 product from WiseTech. A key task as we integrate new air and sea freight forwarding acquisitions into our global network is to migrate them from their legacy freight-forwarding systems onto our CargoWise platform. For LTL road freight operations, ONE EV Cargo features our proprietary in-house developed EV Alliance operating system, which is widely recognised as the industry leading operational and ERP system for managing member-based pallet networks.

For FTL road freight operations, ONE EV Cargo deploys an optimised and fully integrated mix of industry leading Transport Management System (TMS) solutions including BluJay (4PL), Mandata / Microlise (fleet) and CargoWise1 (forwarding).

As part of our digital strategy, a programme is underway to migrate all contract logistics warehouse services from a collection of legacy systems onto the industry leading Blue Yonder warehouse management system. The enhanced functionality and workflow management will meaningfully reduce operational costs by improving labour productivity, reducing the level of manual administration tasks, and improving the utilisation and productivity of mechanical handling equipment.

Support
ONE EV Cargo uses Oracle NetSuite as its global finance system platform, which delivers substantial benefits through streamlining and simplifying the creation and visibility of financial reporting across the EV Cargo business as well as improving the control of expenses and the management of cash. A new CRM (customer relationship management) system also from NetSuite has been rolled out to deliver centralised tracking of sales pipelines, improved prospect qualification, better visibility of opportunities to drive existing customer cross-sell into additional services and underpinning a business-wide sales effectiveness programme to increase conversion rates from pipeline to business win.

Solid progress was made through 2022 with the migration onto a global Human Resources Information System within ONE EV Cargo. This has already significantly strengthen the quality and efficiency of all people management related processes. It has also substantially simplified the accurate and timely generation of people related data, providing our leadership teams with the information required to ensure the business is able to meet and exceed its targets in respect of being a diverse and inclusive place to work.

Underpinning all aspects of EV Cargo's digital strategy is Horizon, our proprietary data visualisation and analytics platform featuring a single central data lake in SQL, hosted in Azure and with a Tableau analytics and visualisation front end. Data from all EV Cargo systems, both operational and back office, is consolidated and available for advanced analytics both for customer facing applications and for internal operational use.

Organising for Digital Success

Our digital transformation programme is lead by our EVP for IT and Digital, who oversees multiple development and implementation projects each year, strengthening the reliability and security of our IT infrastructure and enhancing the features and functionality available for our thousands of users worldwide.

As a seller of enterprise software to third party customers, we think like a technology business and have unique competitive advantages to exploit in delivering a compelling and innovative digital strategy.

Using the substantial experience of agile software development in our Dev Ops teams, we will continue to develop proprietary operational applications that complement the off-the-shelf systems within ONE EV Cargo, bringing unique value-added features and functionality for our customers and our people.

SUSTAINABLE ACTIVITIES

Defining targets and implementing measures to limit the environmental impact of our, and our customers', supply chain operations.

Our Commitment To Sustainability

Our Sustainability strategy consists of four key areas - Planet, People & Communities, Governance, and Value Creation. We strive to measure and manage our impacts on each pillar and to optimise how these topics impact our business too.

Our Key Focus Areas

Planet – We are conscious of our impact on the planet, and the planet's impact on us.

People & Communities – We are working towards a healthy and safe environment for our people to thrive, whilst delivering excellent customer service, and making a positive impact on our community.

Governance – We strive to improve our governance structures to uphold high ethical standards at all levels of our business.

Value Creation – We are creating value for our clients by offering new and improved processes and products.

We are proud to have made significant progress within our sustainability strategy in 2022.

Identifying our areas of impact: We conducted a double materiality assessment to understand the areas where we have the most significant impact as a company.

The results of this assessment will give us a refined focus and blueprint for our sustainability efforts over the coming years.

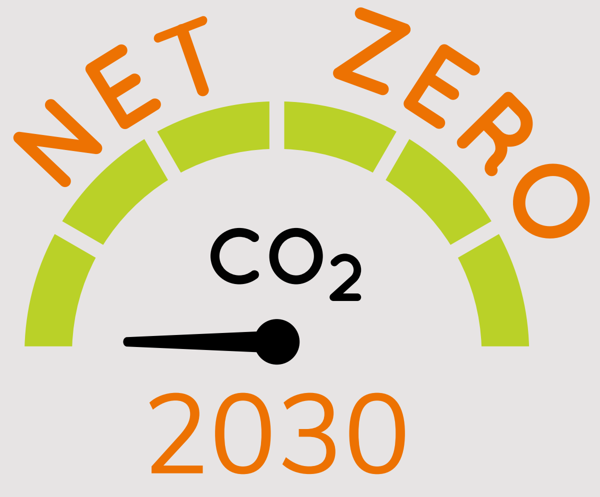
Tackling our emissions: We achieved a 29% reduction in total carbon emissions, despite the addition of two acquisitions in Europe that meaningfully increased our air and sea freight volume and added a substantial number of new offices and warehouses across seven European countries.

Without these new acquisitions our scope 2 reduction would have been over 30% from our 2021 baseline year.

As it stands, we still managed to greatly exceed our target with a 17% reduction in our Scope 2 emissions. In partnership with AB InBev, we introduced HVO fuel to replace diesel, resulting in a 90% reduction in associated vehicle emissions.

29%

We reduced our carbon footprint by 29% in 2022



Our goal is to reduce overall CO_2 emissions and be scope 1 and 2 carbon neutral by 2030.

This green technology enabled us to reduce our scope 1 emissions from 2021 by 14%, again exceeding our set target by some distance. On top of this we were proud to win Best Logistics and Supply Chain green Initiative award at The Drinks Business Green Awards for this initiative.

Keeping our people safe: We collected three awards as a group at the British Safety Council Internal Safety Awards for SHEQ engagement and reduction in incidents including the Gold Royal Society for the Prevention of Accidents (RoSPA) award for the 14th consecutive year.

UN Global Compact

Training our people on the issues that matter: We are a proud signatory of the United Nations Global Compact (UNGC). We align to the 10 principles of the UNGC, protecting human and labour rights, the environment, and anti-corruption. As part of our commitment to building a sustainable business, EV Cargo employees across the globe have access to the United Nations Global Compact Training Academy.

The academy helps our teams improve their knowledge on a range of sustainability topics including climate change, gender equality, and human rights. In 2022, our employees have completed hundreds of hours of training, giving them the tools to take action to make a difference, ultimately driving EV Cargo forward in delivering on our sustainability goals.

Supporting the Sustainable Development Goals: We are proud champions of the United Nations Sustainable Development Goals (SDGs). The Sustainable Development Goals (SDGs) are a set of 17 global goals adopted by the United Nations in 2015, with the aim of achieving a sustainable and better future for all by 2030.

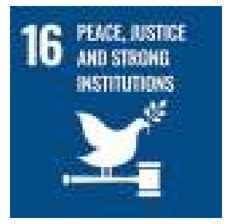
Full details of our progress on sustainability during 2021 are available in our Sustainability Report.

Planet

- Reduce overall CO_2 emissions.
- Minimise waste and zero to landfill.
- Zero single use plastics.

People

- Create a diverse, equitable and inclusive workplace.
- Embed a culture of safety and regulatory compliance.
- Be active in our communities and make a positive impact.
- Increase training, education and skills opportunities.
- Only work with supplies who share our values.



Governance

- Do business lawfully and with integrity.
- Maintain customer privacy and secure data.
- Zero cases of corruption.

Value Creation

- Increase innovation through pioneering technology.
- Use technology to help customers reduce emissions.
- Create solutions for efficiency and customer cost reduction.

Spotlight On: Materiality

We conducted a double materiality assessment with a third-party to understand both our impacts on the world, and the existing and potential impact of material topics on our business, operations, and financial planning.

These have informed our sustainability focus areas, including what indicators we report on and the data we collect. We consulted our previous financial materiality assessment conducted in 2021 with several stakeholder groups relevant to our business, including our senior leadership team, members of our divisional management teams, and our employees, along with external stakeholders including suppliers and customers.

We subsequently conducted an impact materiality exercise using global frameworks such as the Global Reporting Initiative and Sustainability Accounting Standards Board also known as International Sustainability Standards Board to assess the potential impact of various topics to our enterprise value, society, and the environment.

We analysed the key global risks based on other references such as the World Economic Forum Global Risk Report and concluded our assessment with a participatory session where internal stakeholders weighted various material topics based on EV Cargo's impact on these.

As a logistics business, the SDGs are crucial because they provide a framework for sustainable development, which can guide the industry towards responsible and ethical practices that benefit the environment and society.

Indeed, as a signatory to the Arctic Pledge which invites companies to avoid routing ships or goods through the region as part of a new global transhipment route, we are directly supporting SDG 14.1 to help prevent marine pollution in an area threatened by commercial exploitation.

In 2022, we had two campaigns to raise awareness across our business of our commitment to climate action, gender equality, industry innovation and fair work.

We joined #TogetherForTheSDGs campaign and distributed the flags of the Sustainable Development Goals around several of our key sites across the UK and in our HK office, including hundreds of flags hosted by companies across the UK to highlight our commitment to work towards a more inclusive and sustainable society by 2030.

We participated in the global #ItsGoodforBusiness campaign to unite business for a better world.

We are also members of the Australasian Supply Chain Institute, a friend of the Global Logistics Emissions Council and are associated with the Institutional Limited Partners Association (ILPA) Diversity in Action Initiative, COP 26 Global Memorandum of Understanding on Zero-Emission Medium and Heavy-Duty Vehicles, CALSTART Drive to Zero and the Race to Zero from the SBT initiative.

BUSINESS PERFORMANCE

We had a solid financial year in 2022 despite challenging market dynamics and a general softening of demand and made significant progress towards our environmental and people resource targets.

EV Cargo CFO Chia Min Tan.

Financial Review, Chia Min Tan, CFO

EV Cargo delivered robust financial performance in 2022 despite high volatility in freight markets, heightened geopolitical unrest, high inflation rates and a macroeconomic slowdown.

During the year to 31 December 2022, we delivered a 5.2% growth in revenue and made strong progress against our strategic objectives.

Challenging market dynamics, a general softening of demand through the year as consumer confidence was increasingly impacted by both inflation and global instability, and the rapid normalisation of average selling prices across the industry in sea freight, and to a lesser extent air freight, through 2022 also acted as a meaningful drag on revenue growth.

However, the road freight and contract logistics sector performed well with overall revenues assisted by the acquisitions of Fast Forward Freight and Air Express Cargo.

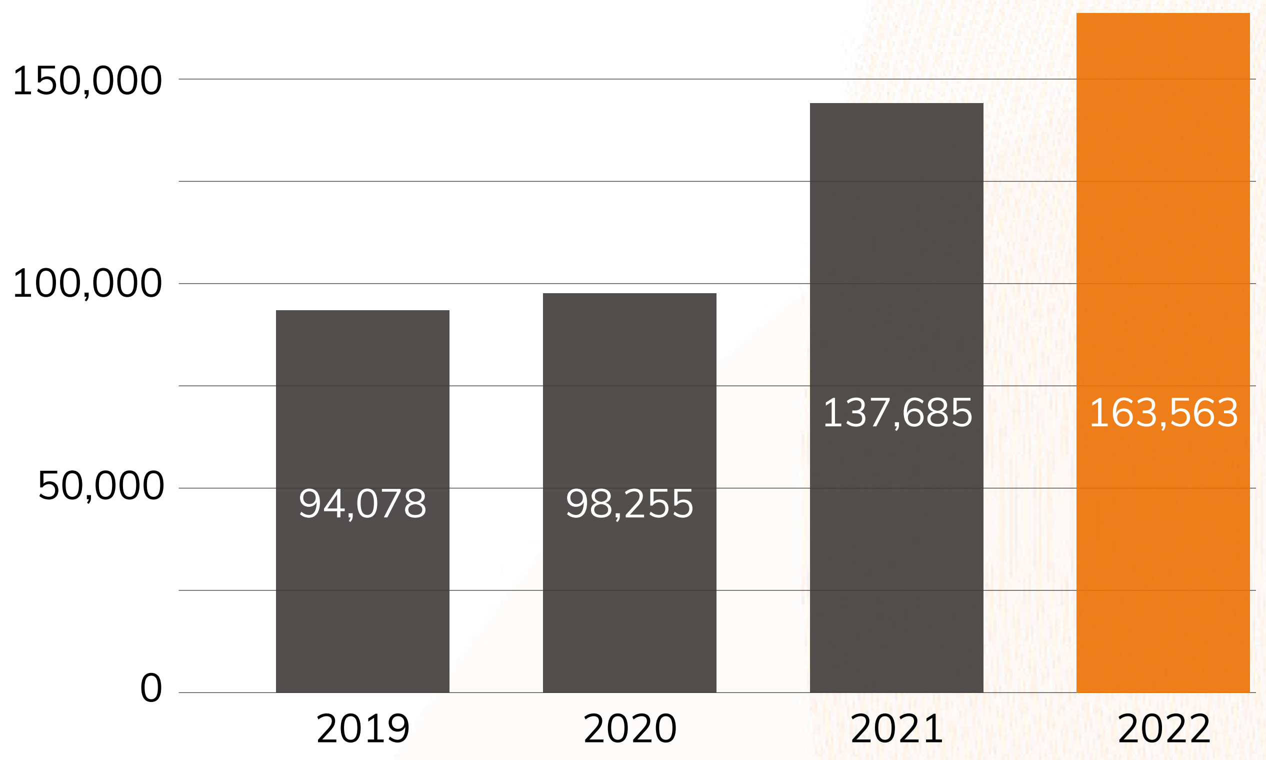
There was a 18.8% improvement in gross profit compared to 2021 and net cash from operating activities increased from £38.0 million in 2021 to £41.3 million.

Consolidated Income Statement £000

	2022	2021
Revenue	**1,147,254**	**1,090,588**
Cost of sales	(983,691)	(952,903)
Gross profit	**163,563**	**137,685**
Administrative expenses	(151,427)	(140,262)
Other operating income	1,854	5,341
Operating profit	**13,990**	**2,764**
Net finance cost	(10,854)	(7,687)
Share of profit of equity accounted investees	4,779	6,284
Profit before tax	**7,915**	**1,361**
Taxation	(535)	2,670
Profit for the year	**7,380**	**4,031**

£million	2020	2021	2022	Growth
Air and sea freight	307	725	736	1.5%
Road freight	325	330	364	10.1%
Contract logistics	28	34	47	36.4%
Total revenue	**661**	**1,091**	**1,147**	**5.2%**

Gross profit £000



Revenue

Our revenues in 2022 were £1.147 billion, a 5.2% increase from £1.091 billion in 2021.

The air and sea freight segment increased modestly by 1.5% as the increase in revenue brought upon by acquisition of Fast Forward Freight was offset by the reduction of global freight rates across the sector as they steadily returned towards normal, and the economic slowdown experienced in the second half of the year.

Despite the road freight market in the UK seeing demand softening across the board in the second half of 2022, our road freight and contract logistics segments both achieved good revenue growth, recording improvements of 10.1% and 36.5% respectively. This was driven by the acquisition of Fast Forward Freight and the expansion of our contract logistics network across the UK and Europe.

Revenue growth in 2022 was impacted both by freight rates continuing to normalise back to pre-pandemic levels and by volumes softening year on year in the final quarter as subdued consumer demand resulted in a flat peak season prior to Christmas. We also saw a diversification on the geographical mix of our revenue stream with revenues from outside the UK growing from 15.8% of our total revenue in 2021 to 26.5% in 2022 as a result of acquisitions and organic expansion in Asia.

Air and sea freight revenue saw a modest rise due to the reduction in global freight rates.

The acquisition of Fast Forward Freight helped contract logistics revenue grow by 36.5%.

Gross Profit

Gross profit for the period increased by 18.8% to £163.6 million despite growth being impacted both by freight rates continuing to return to pre-pandemic levels and by volumes softening in the final quarter.

Gross profit margins improved slightly from 12.6% in 2021 to 14.3% in 2022, driven by strong commercial execution and the integration of Fast Forward Freight, which helped enrich the margin mix with a greater portion of higher-margin air export volume. Gross profit across road freight and contract logistics was boosted by the increased contract logistics network, additional warehouse capacity and capability to deliver eCommerce solutions.

Adjusted EBITDA was £69.7 million, a reduction of 13.5% in comparison to 2021, resulting from a number of significant investments across Asia and the economic slowdown experienced by the global logistics sector in the second part of the year.

Cashflow

Net cash from operating activities increased from £38.0 million in 2021 to £41.3 million while there was a 5.6% improvement in free cashflow from 2021. It was also a year of investments and integration for EV Cargo. We completed three acquisitions, resulting in investing cash outflow of £24.4 million and an additional vendor loan of £19.1 million, both contributing to the increase in net debt.

We have further invested in expansion across Asia with spend in facilities and people in order to complement our existing network of joint ventures in Asia with a deeper and integrated offering of service from our own offices, people and systems.

Following the end of the financial year, we acquired the remaining 60% share of Allport Netherlands B.V. in March 2023.

Non Financial Review

During 2022, EV Cargo continued to make meaningful progress towards its environmental, diversity and people resource targets as part of the its wider sustainability strategy.

Despite new acquisitions in 2022, we reduced our total emissions by 29%, ensuring we are well on track to meet our net zero targets.

Our employees are our most valuable assets at EV Cargo. We aim to create and foster an environment in which our employees feel both respected, empowered, and safe. We are continuously aiming to build a transparent culture where employees voices and opinions are heard, and where employees understand how their individual roles contribute to the overall goals of the company.

Corporate Memberships

United Nations Global Compact

Smart Freight Centre

Ocean Conservancy

CLIMATE AMBITION ACCELERATOR

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

GLOBAL COMMERCIAL VEHICLE DRIVE TO ZERO PLEDGE SIGNATORY

Fuel	2022 kWh	2022 tCO_2e	2021 kWh	2021 tCO_2e
Electricity (scope 2)	5,027,735	1,080	6,175,334	1,339
Gas (scope 2)	857,230	152	830,030	143
Diesel & petrol (scope 1)	184,038,925	44,392	218,641,735	51,837
Liquefied petroleum gas (scope 1)	10,584,507	2,270	12,066,454	2,588
Fuel, heating, electricity (scope 3)		10,903		13,009
Up/downstream transport (scope 3)		324,982		473,414
Total emissions		383,843		542,332
Intensity metric (tCO_2e per £m of revenue)		334.6		497.3

Spotlight On: Safety Achievements

In 2022 we were proud to be recognised for our SHEQ engagement and reduction in incidents and accident prevention during the year, receiving awards across our group at the British Safety Council International Safety Awards.

EV Cargo Palletforce achieved the prestigious Royal Society for the Prevention of Accidents (RoSPA) Gold award for the 14th consecutive year.

Fourteen consecutive gold awards secured our award-winning pallet network with a fourth RoSPA Presidents Award.

EV Cargo also received the Silver RoSPA Award in Occupational Health and Safety and Merit Award in Occupational Health and Safety.

As of 31 December 2022, EV Cargo employed 2,965 employees globally. A total of 1,116 new employees were hired in FY2022, comprising 31% females and 69% males. This includes the employees who joined as part of our acquisition of two freight forwarding businesses in Europe, in 2022, and the growth in our air and sea freight operations in Asia.

Our overall rate of new hires was 47%, with employees in the 30-50 years old age range contributing to the largest proportion, or 48%, of our overall new hires. Our overall rate of turnover was 14%.

At EV Cargo we have been on a journey over the past number of years to embed our culture change programme, Delivering Better. The vision for this programme is to create a culture and atmosphere that makes a difference to our employees day to day.

In 2022, an additional 647 colleagues took part in our annual Employee Engagement Survey and participation increased across the business, increasing our engagement rate to 71%.

Health & Safety

In 2022, we continued to assess and monitor where we can improve our Health and Safety practices, rolling out additional training, engaging our teams more regularly across the company through dedicated forums, conducting additional risk assessments and investing in solutions to better understand the root causes of incidents occurring, and to mitigate risk where possible.

Spotlight On: Mandatory Training Programmes

At present, EV Cargo has a mandatory training programme in the UK, which includes topics such as Introduction to GDPR, Criminal Finances, Modern Slavery, Preventing Bribery in Business, and Cyber Security, refreshed every 12 months. Every two years, training is provided on Display Screen Equipment, Fire Safety, Manual Handling, Slips and Trips, and AEO Security V1.

Certain mandatory training programmes are provided once with no renewal required, such as Environmental Awareness, Whistleblowing, and Diversity, Equity, and Inclusion (DEI). Mandatory training for overseas colleagues and people managers includes Modern Slavery, Preventing Bribery in Business, and Whistleblowing.

All e-learning modules previously housed in a Skill Gate programme called ‘Click and Learn’ have now been transferred to our internal EV People system. Through this integrated platform, the details of which are provided during the onboarding process, we can notify existing and new colleagues of any actionable training items and monitor progress.

71%

Increased our employee engagement rate

All e-learning modules have been transferred to our internal EV People system

We introduced a People Services helpline to provide better support for employees

Towards the end of 2022, we launched our Health and Safety Strategy Vision internally for 2023-2028. This new strategy vision focuses and sets our commitment across key pillars of our SHEQ programme: wellbeing, culture, engagement, competence, Technology and Efficiency.

By focusing on these pillars, we believe we can drive forward our SHEQ performance to move from safety being driven by compliance or management, to being driven by empowered individuals.

At the heart of EV Cargo is a commitment to creating a fair and equitable working environment for all employees. We recognise the value of encouraging diversity and inclusion in helping us achieve our strategic success.

As part of our aspiration to create a more equitable workplace, we seek to demonstrate best practice in our people management policies and practices.

In 2022, our CEO received recognition from the UN Global Compact for advancing the number of women in leadership and management positions.

In early 2021, women made up only 19% of managers and had zero representation within EV Cargo's governance bodies; by 2022, these statistics significantly increased to 31% and 29%, respectively.

In 2022, we also completed the Target Gender Equality, an accelerator programme to deepen implementation of gender equality in companies participating in the UN Global Compact.

In 2022, we reviewed our Human Resources (HR) processes to improve their effectiveness and reduce complexity in a number of ways.

This included introducing a People Services helpline contact number to provide our employees with better support.

We also expanded our training and development function and focused on developing our internal competency model, which supports our recruitment and development materials.

Spotlight On: Gender Equality

Over the last year, EV Cargo has made significant strives to improve gender equality across the business. These efforts have been recognised by our latest score on the UN Global Compact's and UN Women international Women's Empowerment Principles Gender Gap Analysis Tool – we improved from 29% in 2021 to 71% in 2022.

The average score for companies analysed falls between 20 to 25%, meaning that we are significantly outperforming our peers in this regard. This is particularly noteworthy for us given the heavily male-dominated logistics industry that we operate in.

We achieved this improvement by developing and implementing several policies and practices across our organisation, supported by robust measurement and reporting.

To become a true leader, EV Cargo's next steps are to address the remaining gaps in our implementation, fully integrate gender equality into our sustainability-related strategies and increase transparency with stakeholders.

Air & Sea Freight Segment Review

After the intense volatility and unpredictability of the global air and sea freight forwarding market throughout 2021 and into the early months of 2022, overall the year was characterised by a steady return to normality with supply and demand slowly converging.

120m kgs air cargo capacity annually

1.2m POs processed through LIMA

Over 2,400 country pairs each month

256,000 TEU sea freight moved annually

Market Overview

In air freight, global air cargo capacity continued to return steadily to the market during 2022 as the number of passenger flights worldwide, and therefore belly hold cargo capacity, increased throughout the year.

However, in terms of air cargo capacity, Asia continued to be relatively slow to recover, most notably to and from Hong Kong and mainland China where COVID-19 travel restrictions continued to suppress travel demand and the number of passenger flights throughout 2022. The Asia to Europe market was also negatively impacted by Russia's war in Ukraine which caused flights to divert away from over-flying the region, adding up to 15% onto flight times and therefore airline operating costs.

Coupled with a general easing of demand for air freight, operationally the ability to secure air cargo capacity eased throughout the year and as a result market prices softened, down from a high of between 2.5 and 3 times pre COVID-19 levels to exit the year at around 1.7 times.

In sea freight, the major port congestion issues, most notably on the US West Coast, that had drained the market of capacity throughout 2021 and coincided with buoyant demand particularly for consumer goods, eased rapidly throughout the first half of 2022 with operations returning to a much more stable footing towards the end of the year.

This coincided with a general softening in demand that was exacerbated by severe COVID-19 lockdowns in mainland China that impacted both factory production and port operations throughout the year.

In the face of falling volumes and increasing available capacity, the ocean carriers were unable to maintain pricing discipline, and market rates subsequently reduced rapidly from a high of between six and seven times pre COVID-19 levels to exit the year at around parity.

Operational Highlights

In 2022 our air and sea freight team was heavily focused on successfully integrating the two freight forwarding acquisitions that EV Cargo completed during the year. Fast Forward Freight, a Netherlands-headquartered air and sea freight forwarder with operations also in Belgium, Germany, France, Scotland, Switzerland and Greece was acquired at the end of the first quarter of 2022.

The integration involved welcoming and on-boarding 400 new employees into our global team and plugging over 20 offices across Europe into our global network operations. Air Cargo Express, a small Spanish air freight forwarder was completed at the end of the second quarter, and their offices in Madrid, Barcelona, Valencia and Zaragoza along with over 25 new employees combined into our European platform.

Key focus areas for the integrations included systems levelling so they operate on the ONE EV Cargo platform, leveraging of freight deals across the combined business, consolidation and concentration of operations where overlaps exist, and leveraging EV Cargo's significantly larger global footprint and capability to increase share of wallet with the newly acquired customer base.
EV Cargo made great progress through 2022 with executing the growth strategy in Asia, which is spearheaded by our air and sea freight segment, starting by building the management team who will ultimately lead our expansion in the region through 2023.

Key appointments included Barry Ng, Managing Director Greater China and Justin Bentley, Vice President Southeast Asia, both of whom have moved to quickly assemble high calibre teams of supply chain professionals to support EV Cargo's expanded operational capability and capacity for air and sea operations across the Asia region.

The air and sea freight teams continued to focus on technology-enabled improvements in efficiency and automation throughout 2022 including the deployment of additional digital tools to simplify and strengthen core operational processes.

Adding our own offices across Asia means that shipments are managed by EV Cargo people and systems throughout from door to door, another key driver in increased productivity through simplicity and the streamlining of underlying operational processes.

Future Focus

We will make further progress in 2023 on increasing our ownership stakes in the key strategic volume driving origins across Asia to ensure in the future that we maximise our capture of the available value from the volume we control on the behalf of our customers.

Specifically, in Southeast Asia, EV Cargo will add its own offices in Singapore, Myanmar, Malaysia, Vietnam, Cambodia and Thailand during 2023. Furthermore, in China, having already opened our own office in Shenzhen towards the end of 2022, and significantly expanded our existing footprint in Hong Kong, EV Cargo will open further offices in Shanghai, Ningbo, Qingdao and Xiamen in 2023.

As well as driving meaningful organic volume growth through our existing network, we will also continue to seek out additional volume and value accretive acquisition targets in air and sea freight forwarding, focusing primarily on expansion in Europe and Asia.

Spotlight On: Global Fashion

EV Cargo is a leading provider of global fashion logistics services on behalf of retailers, brands and suppliers sourcing directly from Asia. Our worldwide team of fashion supply chain professionals are specialists in areas such as merchandise planning, ordering and scheduling, garment manufacturing, quality inspection and approval, garment handling, customs clearance and flow management.

Using our powerful supply chain visibility platform, we manage customers international shipments at the order and SKU level, ensuring the optimum flow of goods to support their multi-channel sales and merchandising plans. Across Asia our CFS facilities in all the main garment export markets are fully equipped and experienced in handling and loading hanging garments.

We also offer garment QC checking in many of these facilities, enabling our customers to catch issues early and react in time to maintain customer availability.

Road Freight Segment Review

The road freight market in the UK saw demand softening across the board in the second half of 2022 as high inventory levels and reduced consumer confidence impacted on customer volumes.

15,000 3PL trucks accessible

Europe's largest drive through SuperHub

Over 4.2m LTL pallets delivered

35 road export markets served

Market Overview

In 2022, the palletised LTL road freight sector in the UK saw its first year on year volume decline since 2009, even the pandemic impacted 2020 saw year on year volume growth overall, with volumes dropping by around 10% versus what was a particularly buoyant 2021.

In spite of the reduced volumes, LTL operators generally managed to maintain average selling prices across the sector as they focused on service quality and consistency and continued to invest in capacity.

Despite much conjecture across the sector, no further consolidation amongst the main seven network operators occurred during 2022, ensuring competitive rivalry for both volume and members remained high.

The FTL road freight sector also saw suppressed demand in 2022, most notably in the fourth quarter in the consumer goods segment where high overhanging inventory levels and reduced consumer confidence combined to impact on volumes.

This enabled the sector to cool off somewhat versus 2021, with the capacity gap between demand and supply, most notably for truck drivers, narrowing meaningfully as the year progressed.

Despite a steady increase through the first half of the year, average selling prices in the FTL sector broadly exited 2022 at the same level as they entered as a result of price softening in the fourth quarter.

Fewer Miles

- Increase cube utilisation
- Technology-led packaging reduction
- Improved route planning
- Minimise empty mileage
- Modal shift to rail for linehaul

Friendlier Miles

- Improve fuel economy
- Maximise aerodynamic devices
- Increase alternative fuel use
- Minimise energy use
- Use energy from renewable sources

Operational Highlights

In EV Cargo's LTL road freight network, 2022 saw a record number of new members signing up to join Palletforce, which will considerably strengthen network postcode coverage and reduce operating costs as well as bringing meaningful new input volume.

At the end of 2022, EV Cargo completed a strategic acquisition to further strengthen network coverage, specifically in East Sussex, an area where most of our competitors struggle with delivery capacity and service consistency. Dobbs Logistics is a leading pallet network operator based in St Leonards with a strong reputation in the market for service quality and capability, and its acquisition and subsequent integration will enable Palletforce to re-mix and substantially upgrade its delivery arrangements in the area.

The acquisition is another example of EV Cargo delivering against its strategy to have the best member in each post code in its Palletforce LTL network.

In the FTL segment, the road freight team continued their work to optimise the network overall, focusing on the mix between 4PL and own fleet solutions to minimise empty miles and maximise overall truck and driver utilisation.

Good progress was made on the road freight digitalisation programme through 2022 with increased process automation and flow of data to and from customers, between operational systems and with the driver through in-cab telematics.

Future Focus

In 2023 the road freight team will focus on driving volume growth, particularly in LTL, in 4PL solutions and in road freight forwarding to and from Europe, where in all cases we have a highly scalable operating model and a winning customer proposition.

Notably we will develop our logistics centre in Nettetal on the German / Dutch border near Duisburg as our centralised European road freight hub for LTL shipments across the continent as well as to and from the UK. We will make significant progress on our decarbonisation roadmap towards scope 1 and scope 2 neutrality by 2030.

This will include working closely with our customers to introduce hydrotreated vegetable oil (HVO) fuel, which reduces emissions by around 90% compared to traditional diesel, and further investment in electric and alternative fuel vehicles to decarbonise road transport operations further.

Focusing on the twin tracks of fewer and friendlier miles, we will step up our vehicle fill and the use of high cube equipment, further reduce systematic empty running within the network, go again on driver training and awareness on fuel economy.

We will also be increasingly active with our road carrier base to reduce our scope 3 emissions both by sharing best practice and by increasing the weighting of sustainable transport factors in the tendering and allocation of volume.

Spotlight On: Driving Sustainability With LTL Network Solutions

Our Palletforce LTL road freight network has efficient and sustainable low emissions transportation literally embedded within the operating model. Each of our 120+ members focus on collection and delivery activity in a very tight geographical area around their local depot to maximise route and call density and minimise stem miles. Every night the member depots exchange freight between each other via our central SuperHub pallet sortation centre in Burton on Trent.

For the long-distance line-haul to and from the SuperHub the members use high-capacity double-deck trailers that are fully loaded in both directions with freight for and from the other members in the network. In 2022, this network operating model enabled our members to avoid a combined total of around 400 long-distance round-trip journeys every 24-hour period.

Contract Logistics Segment Review

The UK contract logistics market had a solid 2022 driven by strong demand for warehouse capacity and a shortage of high-quality space in the market despite substantial new build investment and a very active construction pipeline on the part of the logistics property development sector.

Expanded UK & European hub network

6.2 million pallet weeks in the UK

60 on-demand warehouse partners

ONE EV Cargo handles 3.9m annual orders

Market Overview

One of the biggest drivers of the demand for contract logistics continues to be the strong growth in e-commerce as a sales channel and e-fulfilment as a logistics service.

The relentless pressure for ever shorter customer lead times is causing eCommerce platforms and merchants to increasingly hold inventory closer to the final consumer, causing a proliferation of stocking points and demand for warehouse space.

Labour availability is a major factor in the contract logistics market. Retail and e-commerce, the two highest growth areas, continue to be very labour intensive, and both have highly seasonal demand profiles that further exacerbated the labour supply issue.

Longer term we believe that this will drive the case within the contract logistics market for ever increasing levels of capital investment in automation both to reduce the labour requirement and to increase storage density and overall space efficiency.

Operational Highlights

Through the acquisition and integration of Fast Forward Freight in Europe, EV Cargo added to its contract logistics network a 140,000 sq ft DC in Amsterdam, close to Schiphol Airport, one of Europe's primary air cargo hubs.

The Amsterdam DC strengthens EV Cargo's port-centric logistics capability in Europe and reinforces the strategy for our contract logistics segment, which is to focus primarily on storage, fulfilment and value added services as a part of broader integrated international supply chain solutions for customers.

Meanwhile in the UK, 2022 was a year of consolidation and organic growth following the opening of two new facilities in 2021, most notably our flagship multi-user logistics site at Ashby in the East Midlands. The multi-year task of WMS and operational process convergence in contract logistics continued through 2022 working towards the long-term goal of a standard WMS platform and lean ways of working to drive productivity, accuracy, and on-time in-full order dispatch.

Future Focus

In 2023 the contract logistics team will focus on volume growth to fully utilise the existing network including the European distribution centres in Le Havre, Nettetal and Amsterdam.

Emphasis will be placed on providing integrated air, sea and contract logistics services for international customers giving them one-stop-shop door-to-door solutions that further embeds EV Cargo into their supply chain operating models.

Another key focus area within the contract logistics segment in 2023 will be on the growth in E-commerce fulfilment services for customers of our integrated cross-border e-commerce service, giving them the option to hold some inventory close to their customers in the UK and Europe as well as direct shipping from Asia.

Continuing to drive the growth of the on-demand warehousing service will be another key priority for 2023 both in the UK and in continental Europe.

Spotlight On: On-Demand Logistics Services

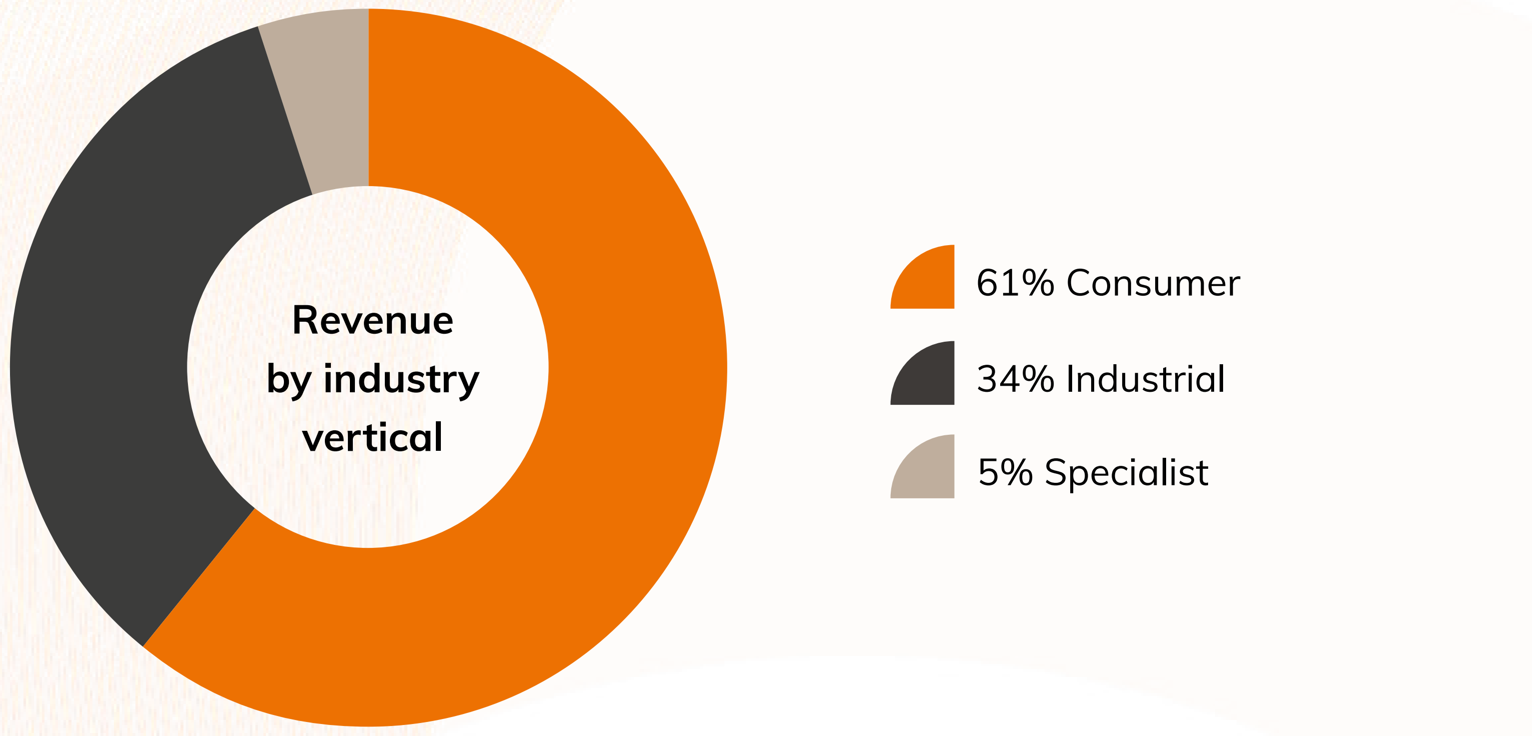
EV Cargo is a leading provider of agile on-demand warehousing solutions, giving our customers the flexibility to optimise their inventory strategy and protect against supply chain disruption.

Our on-demand warehousing service enables customers to quickly flex their warehouse space and storage volume in response to seasonal variations, sales volatility or unexpected events, and our proprietary technology platform enables us to view and manage our customers inventory and orders in one place across multiple warehouse locations.

Our network of over 50 3PL partners in the UK and Europe means we can meet their individual needs with warehouse capacity in the right place at the right time, and our operations teams and partner 3PLs can fully stand up a new on-demand warehousing solution within weeks.

Industry Solutions

Segmented into Consumer, Industrial and Specialist, EV Cargo has built a strong knowledge base, capability and track record across a broad range of industry solutions, in each of which it serves both well-known brands and market leaders as well as many small and medium sized enterprises.



Consumer

EV Cargo is uniquely experienced in the management of domestic and international consumer goods supply chains across all sales channels from high street to supermarket to online. This segment includes: Fashion, Home & Living, Drinks, Grocery and E-commerce.

Industrial

EV Cargo has built a deep expertise in managing supply chains in several key industrial verticals creating highly effective tailored solutions across air and sea freight, road freight and contract logistics. This segment includes; Automotive, Construction, Paper & Print, Packaging and Technology & Telecoms.

Specialist

EV Cargo has unrivalled experience and subject matter expertise in several key high-value specialist verticals delivering relentless service reliability in complex and time-critical operating environments. This segment includes; Aerospace, Pharma & Health Care, Marine Engineering, Livestock and Energy.

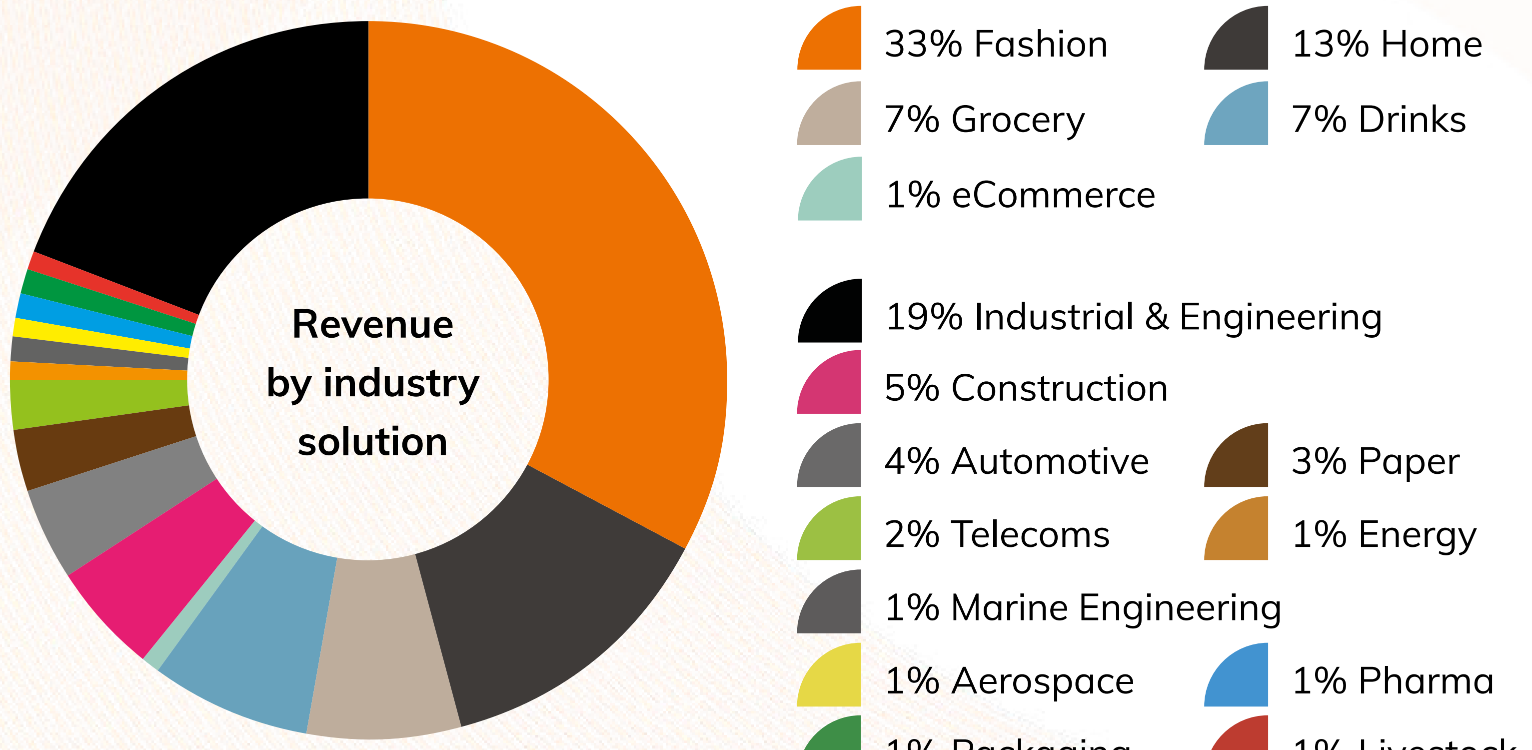
2022 saw a rapid expansion through successful M&A integration into a number of new high-value and high-growth industry verticals that share many of the time critical characteristics of many of EV Cargo's existing verticals such as fashion. Most notable within this were Automotive (with a specific emphasis on electric vehicles), Aerospace (and in particular, aircraft-on-ground) and Marine Engineering.

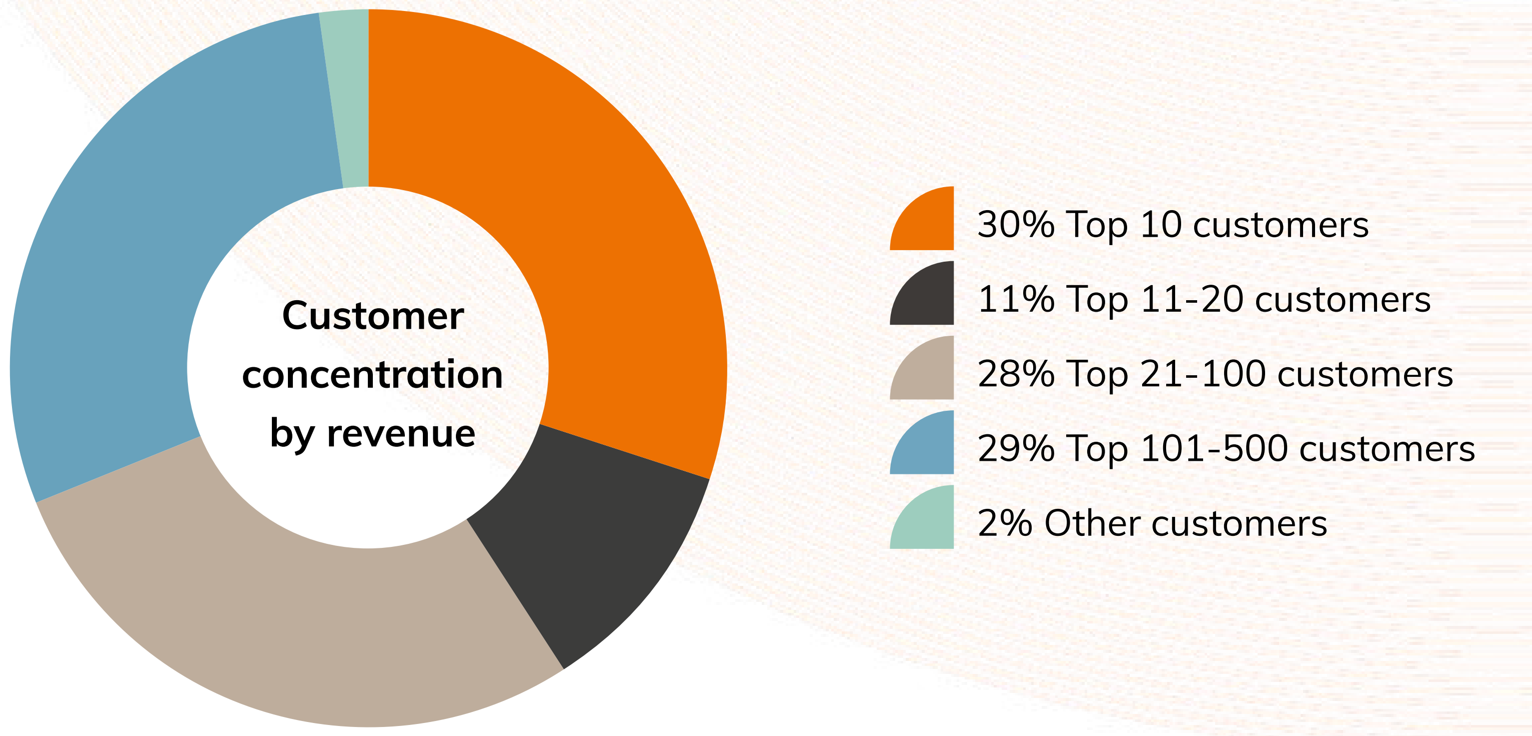
Livestock primarily involves the movement by airfreight of race horses and polo ponies, and Energy saw EV Cargo establish a foothold both in the oil and gas market and renewables, including batteries and solar.

Consumer continues to be the biggest segment by revenue accounting for 61% of sales in 2022, within around half of that being Fashion.

While Fashion and Home & Living are subject to fluctuations in consumer confidence, Grocery and Drinks are far more resilient through the economic cycle as demonstrated throughout the pandemic. Industrial makes up the majority of the balancing 40% as it also includes general cargo which is not part of a specific industry solution.

Specialist is expected to be the fastest growth segment with substantial opportunity in particular to build on the current business by leveraging EV Cargo's global footprint to take on a greater share of customers wallet.





Spotlight On: Drinks Logistics

EV Cargo is widely recognised as a leader in supply chain management for the drinks industry and is an award-winning supply chain partner to the world's largest brewer. Our industry experts understand every aspect of both international and domestic drinks supply chains in what is a complex and highly volatile, demand driven operating environment.

We provide fully managed solutions including demand and resource planning, order and inventory management, operational execution and asset recovery and management, and we understand the seasonal and weather driven demand volatility of the drinks supply chain and have the ability to flex our operating plan and resource base to keep our customers shipments moving and their customers happy.

We offer a fully integrated package for in-country logistics combining factory clearance shuttles, storage and order fulfilment, value added services including reverse logistics, and final mile delivery through our LTL and FTL road freight networks. Furthermore our global network is well versed in managing international flows from key drinks export markets such as Australia, New Zealand, South Africa, South and North America and across Europe, including movement under bond, customs clearance and the handling of bulk liquids in containers.

Spotlight On: Aerospace & AOG

EV Cargo is widely recognised as a leader in supply chain management for the global aerospace industry.

Our aerospace industry experts understand every aspect of this highly complex and time critical operating environment where service reliability is paramount.

We operate round the clock and seven days a week to ensure the highest level of service flexibility and agility to minimise your aircraft on the ground time, and our specialist aerospace team features EASA 145 and FAA trained staff, airside ramp experience, and is an expert in the complex customs clearance of aerospace shipments.

Our aerospace compliant storage solutions provide total logistics support for all aircraft parts and include a wide range of inventory management features including asset tracking with batch and serial number control, and our regional hubs in Amsterdam, London, Dubai and Singapore, combined with our dedicated fleets with airside access and approved partner road carriers in Europe, give our customers access to a highly effective integrated global aerospace network.

Geographical Coverage

EV Cargo is a global logistics execution and supply chain services provider with 90 locations in 25 countries worldwide, through which we deliver our comprehensive range of air and sea freight, road freight and contract logistics services.well-known brands and market leaders as well as many small and medium sized enterprises.

UK

Our extensive logistics execution platform in the UK features over 30 locations, includes over 2m sq ft of quality warehousing space and employs over 2,200 people. The comprehensive set of multimodal logistics capabilities within our fully integrated UK platform is unique amongst our competitors in terms of the depth and breadth of supply chain services offered. As well as our substantial capacity to provide road freight and contract logistics services for domestic shipments, we can seamlessly flow inbound shipments by air, sea and road through the UK's major import gateways for final handling and delivery through our execution platform.

Europe

Our impressive logistics execution platform in continental Europe features more than 20 locations, includes over 900k sq ft of quality warehousing space and employs over 500 people. Our integrated European platform includes direct operations in Belgium, France, Germany, Greece, Netherlands, Poland, Spain and Switzerland with our network service coverage extending to a further 20 European markets through our regional strategic partners. As well as our capacity to provide road freight and contract logistics services for domestic and intra-Europe shipments, we can seamlessly flow inbound shipments by air, sea, rail and road through the major European import gateways for final handling and delivery through our execution platform.

Asia

As well as being home to our global headquarters in Hong Kong, we have a substantial operating presence across the region with representation in every country either through our direct subsidiaries or joint ventures. Our air and sea freight operations in over 50 offices from Seoul to Dubai service the export volumes of factories across the region for onward shipment to Europe, the Americas, the Middle East and Africa, as well as within Asia itself. In Hong Kong, our Asia control tower orchestrates operations across the region on behalf of our customers to optimise their flow of goods.

Through our Asia logistics execution platform, we offer a comprehensive range of services tailored to the needs of merchants, retailers and platforms involved in cross-border eCommerce. In Dubai we have one of our primary hubs for handling our very popular eco-air service where

shipments from across South and Southeast Asia arrive by sea freight for onward movement by air freight to the UK and Europe.

Americas

In the Americas we currently operate through strategic 3PL partners who provide service coverage through an extensive network of offices from Toronto and Vancouver in the north to Buenos Aries and Santiago in the south, ensuring the transatlantic trade lanes between Europe and the Americas are some of the busiest for our air and sea freight services. Our Latin America Air Bridge service utilises our modern consolidation hub close to Madrid airport to provide a seamless integrated door to door service proposition. Shipments between Europe and Latin America move by road to and from Madrid where they connect into a vast array of fast and frequent direct air services to every major city and gateway across Latin America.

CORPORATE GOVERNANCE

Guided by the Ten Principles of the UN Global Compact, our governance and corporate sustainability is led by a principles-based approach to doing business with integrity.

Risk Management

Identifying, assessing and acting upon potential risk areas is an integrated part of our operational activity, and our risk management framework is designed to provide fast escalation and timely response to issues that may have a material impact on earnings and financial and strategic targets.

Exposure to risk is an unavoidable reality for a global logistics operator. Throughout 2022, some remaining knock-on effects of COVID-19 along with various challenges across the global supply chain were the main areas of immediate concern, but there were also a number of other areas of potential risk which have required vigilance. In each case we have analysed and assessed the potential impact on our operations.

Cyber Security

All organisations continue to face significant and increasingly complex cyber security threats. Improving our defences is a continuous programme of investments in people, technology and training. Cyber security has continued to be a primary focus for the Global IT team during 2022 as we harmonise the technologies and techniques used across our business, especially as we integrate new acquisitions onto our global platform. We have made excellent progress on removing the more vulnerable systems as part of the Cyber Essentials Plus certification process.

This has been reflected in the Cyber Risk Index, with lower risk levels than at the same time last year, and we have invested well in some of the best end-point protection and email filtering systems, with 90 per cent of EV Cargo people using multi-factor authentication. Global IT has centralised the management tools and people to allow us to deploy the best technology to every part of EV Cargo. This approach has dramatically improved the visibility of all aspects of our IT infrastructure, allowing us to quickly identify cyber security issues and respond quickly and in some cases, automatically.

Risk assessment: LOW

National Cyber Security Centre

CYBER ESSENTIALS

Our cyber security measures include:

Perimeter security: intrusion detection and protection.

End-point protection: anti-virus and software firewalls.

SOC: centralised out-sourced Security Operations Centre.

Patch management: periodic vulnerability scanning.

Data loss prevention: tracking unauthorized data movement.

Price, Volume & Capacity

Market price inflation most notably during 2021 and early 2022 had led to fears that logistics service providers will not be able to pass the extra costs on to their customers. In fact, throughout the last 24 months of disruption and price volatility EV Cargo has been successful in passing on costs and protecting profitability.

From the second half of 2022 onwards, market price deflation has reduced revenue versus forecasts across the global logistics industry, albeit most notably for air and sea freight, with pricing levels in road freight and contract logistics generally remaining stable. Softening consumer demand, driven primarily by uncertainty around inflation and interest rates, and their impact on disposable incomes, was a feature throughout the second half of 2022 and continues to be a drag on total volumes across the global logistics market into 2023.

The consensus however is for a stronger peak season in 2023 compared to 2022 as fears of a global recession recede somewhat.

Meanwhile EV Cargo continues to plan for a meaningful proportion of our volume growth coming from taking market share. The availability of capacity across all transportation modes has improved since 2022, and coupled with the strength of carrier relationships and the volume scale that EV Cargo enjoys, we remain confident in being able to secure the required capacity to enable our planned growth.

Risk assessment: LOW

Climate Change

To date, EV Cargo has not experienced any direct impacts from sustainability and climate change issues. Our primary concern in this regard is managing any disruption to our customers supply chains and flow of goods. Our owned and leased locations worldwide are not in high-risk areas, and volume from high-risk countries such as Bangladesh will ultimately switch elsewhere if impacted. Over the longer term, the impact of climate change on overall global GDP growth and the volume of world trade would have a high impact, however.
Risk assessment: LOW

Competition & Technology

EV Cargo's fleet is procured on staggered lease agreements, which provides our operations with embedded flexibility. We have a relatively low energy usage for our size, as most locations are offices. However we are adopters of proven technologies to optimise energy use, and any migration to electric or hybrid fleet technology could be executed in an orderly manner with no write-off.
Risk assessment: LOW

End Market

We have a secular demand profile enabled by serving a wide variety of industry segments, and the global network enables us to be flexible in following changing sourcing patterns. Customers decide the transport mode they wish to use, and we can switch air to sea and road to rail to meet their needs. Any increased costs can be passed on from customer choices on sustainable routing options.
Risk assessment: LOW

Through a monthly executive Sustainability Committee, we routinely evaluate the risk of climate change to the business.

Regulation

Through the office of the Chief Sustainability Officer, EV Cargo has excellent forward visibility and understanding of the developing regulatory landscape. As a fundamentally asset-light business, our relatively small base of fleet and warehouses is primarily leased with a high degree of flexibility. EV Cargo is a relatively low user of water and energy; our primary environmental impact is carbon and related emissions from global transportation operations. We have a clear strategic road map for reducing carbon emissions in line with the Science Based Target initiative, starting with scope 1 and 2 neutrality by 2030.
Risk assessment: LOW

Reputation

Primary risk areas here focus on our UK fleet operations, and relate to incidents such as road traffic accidents, compliance failures or fuel leakage. As a result, these potential flashpoints are tightly managed. Most EV Cargo locations are offices with low local impact and safety risk, while logistics facilities tend to be away from residential areas and have high safety standards. We have robust policies and procedures to monitor the compliance of our overseas subsidiaries and joint ventures to minimise risk, and we prefer to use high-quality tier 1 and 2 air, ocean and road carriers to maximise service quality and minimise the risk of reflected reputational damage.
Risk assessment: LOW

Governance

EV Cargo's senior leadership team is deep, well experienced and entirely committed to the company's success. The team demonstrates a founder's mentality, driving alignment and commitment to the EV Cargo mission, vision, values and purpose.

Our corporate governance structure has been developed in accordance with best practice for large, institutional private organisations. It features prescribed compliance practices as required by the Executive Board, boards of directors, senior management, shareholders and other external stakeholders, including a tiered, geographical and scalable approach to reporting and validation. The Executive Board is supported by select sub-committees, spanning; Audit & Risk, Remuneration & Nomination, ESG, and Capital.

In addition to the Executive Board and the Main Board of Directors of EV Cargo, there are regional and other statutory boards, including; EV Cargo UK, EV Cargo BV (Europe), EV Cargo Asia and EV Cargo Property. There is also a framework of non-statutory operating boards spanning regional, divisional and functional levels to monitor financial performance and strategic execution. These include divisional boards for Global Forwarding in the UK, Europe and Asia, as well as for Solutions, Express and Technology. Functional boards include; Group Financial Performance, Legal, Risk, Tax & Property, Digital & IT, Human Resources, Marketing and Operations.

Heath Zarin
Chairman & Chief Executive

EV Cargo service	>10 years
Logistics	>10 years
Previous employment	EmergeVest, HSBC, Credit Suisse

Simon Pearson
Chief Strategy Officer

EV Cargo service	>10 years
Logistics	>30 years
Previous employment	EmergeVest, Cargo Services, Asda, NFT

Chia Min Tan
Chief Financial Officer

EV Cargo service	2 years
Logistics	2 years
Previous employment	Fullerton Health, Goldman Sachs, JP Morgan

Paul Coutts
Chief Operating Officer

EV Cargo service	2 years
Logistics	>30 years
Previous employment	Singapore Post, Toll, DHL, TNT

Mark Davis
General Counsel

EV Cargo service	>10 years
Logistics	>25 years
Previous employment	EmergeVest, NFT, Northern Foods

Virginia Alzina
Chief Sustainability Officer

EV Cargo service	<2 years
Logistics	<2 years
Previous employment	EmergeVest, Environ, Yoma Holdings

Sandy Chan
VP People Asia

EV Cargo service	1 year
Logistics	4 years
Previous employment	Leapfrog, M800, CEVA Logistics

Lesley Coles
VP People UK

EV Cargo service	1 year
Logistics	>10 years
Previous employment	Morrisons, Muller, AAH, TJX, FedEx

Duncan Grewcock
CEO Technology

EV Cargo service	>10 years
Logistics	>20 years
Previous employment	CS Solutions, Cargo Services, Accenture

Dave Holland
EVP Marketing Communications

EV Cargo service	>10 years
Logistics	>20 years
Previous employment	Palletforce, UPS, Yodel

Dean Hughes
EVP IT & Digital

EV Cargo service	>10 years
Logistics	>25 years
Previous employment	Palletforce, FedEx, ANC

Andy Humpherson
CEO Solutions

EV Cargo service	>10 years
Logistics	>25 years
Previous employment	Jigsaw, Palletline

Barry Ng
MD Greater China

EV Cargo service	<1 year
Logistics	>20 years
Previous employment	Janco Holdings, Maersk Line, Cargo Services

Mark Tapper
COO Express

EV Cargo service	6 years
Logistics	>20 years
Previous employment	CS Ellis, Nightfreight, City Link

Steve Williams
COO Global Forwarding

EV Cargo service	7 years
Logistics	>25 years
Previous employment	Panalpina, DB Schenker

CONSOLIDATED FINANCIAL INFORMATION

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Consolidated Income Statement

	Note	Total 2022 £000	Total 2021 (restated: see note 28)
Revenue	2	1,147,254	1,090,588
Cost of sales		(983,691)	(952,903)
Gross profit		163,563	137,685
Administrative expenses		(151,427)	(140,262)
Other operating income		1,854	5,341
Operating profit		13,990	2,764
Finance income		515	688
Finance cost		(11,369)	(8,375)
Net finance cost	6	(10,854)	(7,687)
Share of profit of equity accounted investees		4,779	6,284
Profit before tax		7,915	1,361
Taxation	9	(535)	(2,670)
Profit for the year		7,380	4,031
Profit attributable to:			
Owners of the company		6,743	1,941
Non-controlling interests		637	2,090
		7,380	4,031

The above results were derived from continuing operations.

Consolidated Statement Of Comprehensive Income

	Note	2022 £000	2021 (restated: see note 28)
Profit for the year		7,380	4,031
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post-employment benefit obligations (net of taxation)		(3,577)	16,474
Items that may be reclassified to profit or loss:			
Foreign currency translation gains/(losses)		448	769
Movement in non-controlling interests' share of net assets		130	409
		(2,999)	17,652
Total comprehensive income for the year		4,381	21,683
Total comprehensive income/(losses) attributable to:			
Owners of the company		3,614	19,184
Non-controlling interests		767	2,499
		4,381	21,683

Consolidated Statement Of Financial Position

	Note	2022 £000	2021 £000
Assets			
Non-current assets			
Property, plant and equipment	10	21,246	15,439
Right-of-use assets	11	103,992	82,323
Intangible assets	12	91,898	32,773
Equity accounted investments		8,924	12,913
Other non-current financial assets		46	192
Deferred tax assets	9	3,379	12,345
		229,485	155,985
Current assets			
Inventories		924	575
Trade and other receivables	13	254,701	316,687
Contract assets	2	10,179	11,845
Income tax asset	9	5,026	1,681
Cash and cash equivalents	14	34,190	47,080
		305,020	377,868
Total assets		534,505	533,853
Equity and liabilities			
Equity			
Share capital	15	188	188
Share premium	16	89,240	89,240
Foreign currency translation reserve	17	5,392	4,944
Merger reserve	17	(101,035)	(101,035)
Capital contribution reserve	17	43,500	-
Retained earnings		15,073	11,907
Equity attributable to owners of the company		52,358	5,244
Non-controlling interests		3,036	2,854
Total equity		55,394	8,098

Consolidated Statement Of Financial Position

Equities and liabilities (continued)	Note	2021 £000	As restated 2020 £000
Non-current liabilities			
Loans & borrowings	18	28,875	24,775
Lease liabilities	19	100,686	87,344
Deferred consideration		500	–
Provisions	20	7,860	3,743
Deferred tax liabilities	9	8,148	6,846
Amounts owed to related parties	21	–	43,500
Retirement benefit obligations	22	21,504	18,302
		167,573	184,510
Current liabilities			
Trade & other payables	21	216,875	262,792
Loans & borrowings	18	70,342	51,209
Lease liabilities	19	23,616	18,969
Income tax liability	9	705	8,275
		311,538	341,245
Total liabilities		479,111	525,755
Total equity & liabilities		534,505	533,853

Consolidated Statement Of Changes In Equity

	Share capital £000	Share premium £000	Foreign currency translation reserve £000	Merger reserve £000	Capital contribution reserve £000	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
At 1 January 2022 (as previously stated)	188	89,240	4,944	(101,035)	-	41,283	34,620	2,854	37,474
Prior year restatement	-	-	-	-	-	(29,376)	(29,376)	-	(29,376)
At 1 January 2022 (restated)	188	89,240	4,944	(101,035)	-	11,907	5,244	2,854	8,098
Profit for the year	-	-	-	-	-	6,743	6,743	637	7,380
Other comprehensive (expense)/income	-	-	448	-	-	(3,577)	(3,129)	130	(2,999)
Total comprehensive (expense)/income	-	-	448	-	-	3,166	3,614	767	4,381
Transactions with owners in their capacity as owners:									
Loan waiver (note 17)	-	-	-	-	43,500	-	43,500	-	43,500
Transactions with non-controlling interests	-	-	-	-	-	-	-	(585)	(585)
At 31 December 2022	188	89,240	5,392	(101,035)	43,500	15,073	52,358	3,036	55,394

Consolidated Statement Of Changes In Equity

	Share capital £000	Share premium £000	Foreign currency translation reserve £000	Merger reserve £000	(Accumulated losses) Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
At 1 January 2021	188	89,240	4,175	(57,535)	(6,508)	29,560	665	30,225
Profit for the year (restated - see note 28)	-	-	-	-	1,941	1,941	2,090	4,031
Other comprehensive income	-	-	769	-	16,474	17,243	409	17,652
Total comprehensive income	-	-	769	-	16,415	19,184	2,499	21,683
Transactions with owners in their capacity as owners:								
Organisational restructuring (note 17)	-	-	-	(43,500)	-	(43,500)	-	(43,500)
Transactions with non-controlling interests	-	-	-	-	-	-	(310)	(310)
At 31 December 2021 (restated - see note 28)	188	89,240	4,944	(101,035)	11,907	5,244	2,854	8,098

Consolidated Statement Of Cash Flows

	Note	2022 £000	2021 (restated – note 28)
Cash flows from operating activities			
Profit for the year		7,380	4,031
Adjustments to cash flows from non-cash items:			
Depreciation & amortisation		32,687	31,524
Impairment	12	-	35,680
Impairment (reversal)/change of equity accounted investments		4,717	(214)
Profit on disposal of property, plant & equipment		(117)	(5,036)
Finance income	6	(515)	(688)
Finance costs	6	11,369	8,375
Share of profit of associated companies		(4,779)	(6,284)
Income tax expense	9	535	(2,670)
Foreign exchange (gain)/ loss		(999)	307
Other		(50)	420
		50,228	65,445
Working capital adjustments:			
Increase in inventories		(349)	(219)
Decrease/(increase) in trade & other receivables		102,167	(139,541)
(Decrease)/increase in trade & other payables		(102,887)	114,537
Decrease in retirement benefit obligation net of actuarial changes		(1,878)	(425)
Increase in provisions		317	827
Cash generated from operations		47,598	40,624
Income taxes paid		(6,305)	(2,602)
Net cash flow from operating activities		41,293	38,022
Cash flows from investing activities			
Acquisitions of property plant & equipment		(5,248)	(9,631)
Acquisition of intangible assets		(2,011)	(1,342)
Proceeds from sale of property, plant & equipment		150	23,770
Dividend income		4,295	5,665
Interest received		118	688
Acquisition of a subsidiary, net of cash acquired	25	(21,725)	-
Net cash flows from investing activities		(24,421)	19,150

		2022 £000	2021 £000 (restated - note 28) £000
Cash flows from financing activities			
Interest paid		(11,057)	(8,375)
Net movement in invoice discounting		18,322	20,561
Repayment of loans		(17,967)	(23,622)
Payments in respect of lease liabilities		(24,058)	(19,430)
Repayments of loans from related parties		-	(1,948)
Loans from related parties		5,000	-
Net cash flows from financing activities		(29,760)	(32,814)
Net (decrease)/increase in cash & cash equivalents		(12,888)	24,358
Cash and cash equivalents at 1 January		45,854	21,496
Effect of exchange rate fluctuations on cash held		1,224	-
Cash and cash equivalents at 31 December	14	34,190	45,854

Notes To The Consolidated Financial Information

1 General information and accounting policies

The company is a private company limited by share capital, incorporated and domiciled in England & Wales.

Basis of preparation and statement of compliance

The financial information for the year ended 31 December 2022 presented in this document does not constitute statutory accounts as defined in section 435 of the Companies Act 2006.

A copy of the statutory accounts for the year ended 31 December 2022, as prepared in accordance with UK-adopted international accounting standards, has been delivered to the Registrar of Companies.

The auditor's report on those accounts was not quantified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006. The full copy of Group Annual Report and Consolidated Financial Statements is available on the Companies House website.

The group financial statements have been prepared in accordance with UK-adopted international accounting standards. The accounting policies and all the notes are included in the full copy of the Group Annual Report, available on the Companies House website. The presidential currency of the financial statements in Pounds Sterling, being the functional currency of the primary economic environment in which the group operates. Monetary accounts in these financial statements are round to the nearest £1,000.

The financial statements have been prepared on a historical cost basis except for, where disclosed in these accounting policies, certain items that are shown at fair value.
The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the group operates. Monetary amounts in these financial statements are rounded to the nearest £1,000.

Going concern

In considering the going concern assessment, the Board has undertaken a rigorous assessment of going concern assumptions using the base case financial forecasts and also a severe but plausible downside scenario covering the 18 months from the date of signing these accounts.

The current instability in the middle east heightens the dynamic nature of planning the continuation of supply chains. Whilst this introduces greater unpredictability into our forecasting, it is at these times that the EV Cargo business model and capabilities can add continued value to our customers. As such even in a severe downside case, we are anticipating an increase in trading performance during 2024. Our forecasts do not anticipate any issues with banking covenants. In addition, there are several mitigating actions which include, but are not limited to, reducing the fixed cost base and right-sizing the business in line with the volume levels anticipated in a downside scenario. Management and the Board are therefore confident that the significant components of the business will continue to generate sufficient cash flows from their future operations to meet future obligations as they fall due, or secure equivalent financing including the conversion of illiquid assets into cash or via the continued support of the shareholders.

2 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2022 £000	2021 £000 (restated - note 28)
Air and sea freight	735,903	725,195
Road freight	364,220	330,853
Contract logistics	47,131	34,540
	1,147,254	1,090,588

During the year the group has changed its definition of segments and therefore the above note is represented.

The analysis of the group's revenue for the year arising in the following geographical areas is as follows:

	2022 £000	2021 £000 (restated - note 28)
United Kingdom	843,076	917,810
Rest of Europe	176,795	86,834
Rest of the World	127,383	85,944
	1,183,373	1,090,588

The above revenue is recognised in accordance with the over-time recognition principle. As a consequence of this, contract assets and contract liabilities arise from the group's operations.

Trade receivables arising from contracts with customers are disclosed in Note 13 to the financial statements.

Contract assets relate to services performed under contracts with customers where payment is not due from the customer until the services are complete. A contract asset is recognised over the period in which the services are performed to represent the group's right to consideration for the services transferred to date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. At the balance sheet date, the group had the following contract assets:

	2022 £000	2021 £000 (restated - note 28)
Right to consideration for services transferred to date	10,179	11,845

There are no contract assets arising from costs incurred to obtain or fulfil a contract with a customer and consequently no amortisation charges or impairment charges arose.

As the group's contracts are for completion of services within the next 12 months of the balance sheet date, the practical expedient in paragraph 121(a) of IFRS 15 applies not requiring disclosure about remaining performance obligations at the balance sheet date.

There are no contract liabilities in relation to amounts received in advance of delivery of services (2021: £nil).

3 Operating profit

a Adjusted EBIT

EBIT represents operating profit before income tax. Adjusted EBIT excludes the effects of adjusting items which may have an impact on the quality of earnings. Adjusted EBIT reconciles to the operating profit as follows:

	2022 £000	2021 £000
Operating profit	13,990	2,764
Share of profit of equity accounted investees	4,779	6,284
EBIT	18,769	9,048
Adjusting items (note 4)	23,701	44,458
Adjusted EBIT	42,470	53,506

b Adjusted EBITDA

Adjusted EBITDA is the key profit measure that is focused on by our executive board when reviewing business performance and in making strategic decisions. This measure is then reported in our accounts in accordance with IFRS 8 “Segmental reporting”. Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation and other adjusting items. Adjusting items are those items that are added back in our management reporting to ensure that business performance can be understood. They are likely to be those items that are significant in nature, often relate to non-trading activities, and are unlikely to reoccur.

These include, but are not limited to, restructuring costs, corporate finance and M&A activity, onerous costs that have since been mitigated in the business, start up and integration costs related to major new markets or territories, and associated legal and professional fees.

There may also be other management exceptional items which are costs which fall outside the definition of exceptional costs typically used for statutory purposes but it is the view of the executive board that these costs should be highlighted in order that the underlying profit of the Group can be fully evaluated:

	2022 £000	2021 £000
Operating profit	13,990	2,764
Share of profit of equity accounted investees	4,779	6,284
Amortisation and depreciation	32,687	31,524
EBITDA	51,456	40,572
Adjusting items (note 4)	18,217	40,005
Adjusted EBITDA	69,673	80,577

4 Adjusting items

The below adjustments are disclosed separately in the Group statement of comprehensive income and are applied to the reported profit before tax to arrive at the adjusted EBIT and EBITDA.

	2022 £000	2021 £000
Restructuring & redundancy expenses	3,827	2,842
Transition & integration costs in relation to new M&A projects	3,945	-
Professional fees for non-recurring consultancy fees & software development	1,891	1,196
Impairment of goodwill, intangibles & property plant & equipment	-	21,909
Impairment of right of use assets	-	13,730
Impairment of investments	4,560	-
Large bad debts due to customers going into arbitration or administration	1,934	5,320
Other non-recurring adjusting items	2,060	-
(Gain) from sale of properties	-	(4,992)
Adjusting items to EBITDA	18,217	40,005
Amortisation of acquired intangibles	5,484	4,453
Adjusting items to EBIT	23,701	44,458

Restructuring and redundancy expenses

Redundancy roles – As part of group's integration plan, certain roles at the management level and divisional level were made redundant. Management deemed these high-level redundancy costs to be nonrecurring in nature and classified as adjusting items. Those were £467k (2021: £2,482k).

As a result of restructuring of certain divisions the group incurred £3,215k of one off costs. There were further costs incurred in relation to rebranding of some offices of £143k. Management deemed these restructuring costs to be non-recurring in nature.

Transition and integration costs in relation to new M&A projects

In March 2022, EV Cargo Global Forwarding Limited, a subsidiary of EVCH UK Limited, acquired 100% of the share capital of Fast Forward Freight B.V. (and subsidiaries). The Group incurred transaction and integration fees in respect of these business combinations totalling £3,135k at December 2022. Due to the strategic expansion in Asia the total costs of £810k were incurred in y/e 31 December 2022 in relation to the start-up costs and opening new offices. These one-off charges are not considered to be part of the day-to-day operational costs of the Group and therefore have been treated as adjusting items.

Professional fees for non-recurring consultancy fees and software development

Professional fees in relation to non-recurring consultancy expenses are non-trading expenses that management add back in monitoring business performance. Those relate to consultancy in relation to M&A projects, software development, business restructuring and other one-off projects.

Impairment of goodwill and intangibles

The Group recognised one-off impairment charges in relation to the goodwill, intangibles and property plant and equipment of £nil (2021: £21,909k). Those are treated as adjusting items.

Large bad debts due to customers going into arbitration or administration

Large bad debts due to the customers going into arbitration or administration are treated as adjusting items due to one-off nature of those expenses. This only relates to two specific bad debt and not general bad debt provisioning process.

Impairment of right of use assets
The Group recognised impairment charges in relation to the right of use assets for loss making sites as well as excess fleet in 2021 of £13,730k. Those are treated as adjusting items.

Impairment of investments
The Group recognised impairment in relation to its associate - CS Airfreight (Shanghai) of £4,560k.

Other non-recurring adjusting items
Other non-recurring adjusting items relate to one off expenses that are deemed non trading and non-part of normal business operations that management add back in monitoring business performance. Those include costs in relation to terminal repairs of £869k and onerous contract for printers of £365k in 2022.

Amortisation of acquired intangibles
Amortisation of acquired intangibles that arose from external acquisitions as well as from the transfer of entities as part of EV Cargo's historical internal restructuring are treated as adjusting items. Management is of the view that the amortisation of goodwill for purposes of restructuring is non-operating in nature and thus excluded such amounts from the adjusted EBIT (no impact on EBITDA).

During the year 31 December 2021 certain properties were disposed of and a profit on disposal was recognised in the accounts. As those were strategic disposals, profits were non-operating in nature and treated as adjusting items.

5 Segmental reporting

The operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the Chief Operating Decision Maker, which considered to be the Board, to assess performance and allocate capital. The group has three operating segments:

- Air and sea freight – this part of the business offers air and sea freight forwarding activities and related supply chain technology services globally. These include origin cargo management services such as consolidation and quality control, in addition to destination services including customs clearance, cross border e-commerce fulfilment, storage and final mile delivery services. Customers use the EV Cargo platform to source, select, order, ship, track, clear customs and deliver their international shipments.
- Road freight - this part of the business involve the door-to-door movements of domestic and intra-European shipments, where we operate solutions for less-than-truckload (LTL) and full-truckload (FTL).
- Contract logistics - this part of business involve the provision of logistics and supply chain management services for large retail and manufacturing customers. These include a combination of warehouse and final mile distribution underpinned by strategic assets. We provide inventory management and order fulfilment services, order picking, repacking and labelling along with associated inbound transportation and outbound distribution.

These segments reflect the group's organisation around differences in services provided to the external customers.

During the year segments were redefined and therefore 2021 segmental disclosure was represented.

Segment information for the reporting year is as follows:

2022	Air & sea freight £000	Road freight £000	Contract logistics £000	Corporate & Eliminations £000	Total £000
Revenue					
From external customers	735,903	364,220	47,131	-	1,147,254
From other segments	2,987	12,779	-	(15,766)	-
Segment revenues	738,890	376,999	47,131	(15,766)	1,147,254
Cost of sales	(643,717)	(322,008)	(30,745)	12,779	(983,691)
Gross profit	95,173	54,991	16,386	(2,987)	163,563
EBIT	10,002	(2,312)	10,395	684	18,769
Depreciation and amortisation	10,342	20,398	1,529	418	32,687
EBITDA	20,344	18,086	11,924	1,102	51,456
Adjusting items	12,776	1,487	446	3,508	18,217
Adjusting EBITDA	33,120	19,573	12,370	4,610	69,673
Segment assets	378,434	224,634	26,722	(95,285)	534,505
Segment liabilities	271,692	240,545	28,094	(61,220)	479,111

2021 (restated)	Air & sea freight £000	Road freight £000	Contract logistics £000	Corporate & Eliminations £000	Total £000
Revenue					
From external customers	725,195	330,853	34,540	-	1,090,588
From other segments	2,158	15,983	-	(18,141)	-
Segment revenues	727,353	346,836	34,540	(18,141)	1,090,588
Cost of sales	(621,446)	(325,735)	(21,616)	15,894	(952,903)
Gross profit	105,907	21,101	12,924	(2,247)	137,685
EBIT	42,364	(37,970)	6,616	(1,962)	9,048
Depreciation and amortisation	7,003	22,479	1,537	505	31,524
EBITDA	49,367	(15,491)	8,153	(1,457)	40,572
Adjusting items	2,903	30,584	4,581	1,937	40,005
Adjusting EBITDA	52,270	15,093	12,734	480	80,577
Segment assets	335,050	224,072	27,287	(52,556)	533,853
Segment liabilities	224,443	247,044	25,944	28,324	525,755

The group's non-current assets (other than investments accounted for using the equity method, deferred tax assets and post-employment benefits) are located into the following geographic regions:

	2022 £000	2021 £000 (restated – note 28)
United Kingdom	129,771	122,788
Rest of Europe	85,771	7,132
Rest of the World	1,594	615
	217,136	130,535

Non-current assets are allocated based on their physical location.

Revenues from external customers in the group's domicile, United Kingdom, as well as major markets have been identified on the basis of the customer's geographical location.

During 2022 and 2021 no single customer contributed more than 10% to the Group’s revenue.

6 Finance income and costs

	2022 £000	2021 £000
Finance income:		
Interest receivable from related parties	397	593
Bank interest received	85	95
Other interest received	33	-
Total finance income	515	688
Finance costs:		
Interest expense for related parties	-	(118)
Interest expense for loan notes	-	(44)
Bank interest expense	(1,964)	(2,020)
Interest expense on leases	(5,029)	(3,970)
Interest expense on other finance liabilities	(3,929)	(1,538)
Cost of debt	(135)	(135)
Total interest expense	(11,057)	(7,825)
Net interest expense on defined liability	(312)	(550)
Total finance cost	(11,369)	(8,375)
Net finance cost	(10,854)	(7,687)

7 Staff costs

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

	2022 £000	2021 £000
Wages & salaries	106,891	82,396
Social security costs	11,928	8,308
Other pension costs	4,235	3,867
	123,054	94,571
Amounts capitalised as development costs	(1,016)	(572)
	122,038	93,999

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

	2022 No.	2021 No. (restated – note 28)
Cost of sales	2,007	1,817
Administration & other	746	581
	2,753	2,398

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £000	2021 £000
Remuneration	1,035	786
Contributions paid to money purchase schemes	2	27
	1,037	813

During the year the number of directors who were receiving benefits was as follows:

	2022 No.	2021 No.
Accruing benefits under money purchase pension	5	3

9 Taxation

Tax charged/(credited) in the income statement:

	2022 £000	2021 £000 (restated – note 28)
Current taxation:		
UK corporation tax on profits for the year	2	5,038
Adjustment in respect of prior years	(4,367)	(693)
Foreign tax	1,246	1,702
Total current income tax	(3,119)	6,047
Deferred taxation:		
Current year	272	(6,880)
Deferred tax adjustment relating to previous years	2,719	235
Effect of changes in tax rates	663	(2,072)
Total deferred taxation	3,654	(8,717)
Tax expense/(credit) in the income statement	535	(2,670)
Other comprehensive income items:		
Deferred taxation	(1,192)	4,588

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021: lower than the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The reduction in the UK corporation tax rate to 19% from April 2017 was substantively enacted in October 2015, with a reduction to 17% from April 2020 substantively enacted in September 2016 although subsequently reversed in March 2020. In March 2021 further changes to the UK corporation tax rate were announced by the Chancellor of the Exchequer, including an increase in the main rate of corporation tax to 25% from April 2023, which was substantively enacted in May 2021. The substantively enacted rates have been appropriately reflected in the calculation of deferred tax in the financial statements.

The differences are reconciled below:

	2022 £000	2021 £000 (restated – note 28)
Profit before tax - continuing operations	7,915	1,361
Corporation tax at standard UK rate of 19%(2021: 19%)	1,504	259
Effects of:		
Adjustments in respect of prior years	(1,648)	(458)
Expenses not deductible	1,908	4,555
Income not taxable	(2,159)	(4,350)
Long funding lease adjustments	-	(357)
Fixed asset timing differences	-	(477)
Tax rate changes	663	(2,072)
Effects of overseas tax rates	278	45
Group relief	-	-
Exempt items	-	1
Amounts not recognised	891	24
Share of associates profit after tax	(902)	-
Other	-	160
Total tax expense/(credit)	535	(2,670)

Amounts recognised in other comprehensive income:

	Before tax £000	2022 Tax (expense) benefit £000	Net of tax £000
Remeasurements of post-employment benefit obligations (net)	(4,769)	1,192	(3,577)

	Before tax £000	2021 Tax (expense) benefit £000	Net of tax £000
Remeasurements of post-employment benefit obligations (net)	21,062	(4,588)	16,474

Income tax balances

Corporation tax current (assets) and liabilities:

	2022 £000	2021 £000 (restated – note 28)
Corporation tax (asset)	(5,026)	(1,681)
Corporation tax liability	705	8,275
Net corporation tax balance	(4,321)	6,594

Deferred tax balances

Deferred tax (assets) and liabilities:

	2022 £000	2021 £000 (restated – note 28)
Deferred tax (assets):		
Recoverable within 12 months	(1,129)	(2,035)
Recoverable after 12 months	(2,250)	(10,310)
	(3,379)	(12,345)
Deferred tax liabilities:		
Payable within 12 months	768	4
Payable after 12 months	7,380	6,846
	8,148	6,850
Net deferred tax (assets)	4,769	(5,495)
Provision at start of year	(5,495)	(1,308)
Deferred tax charge/(credit) to income statement for the year	935	(8,953)
Adjustment in respect of prior years	2,719	235
Deferred tax charge/(credit) in other comprehensive income for the year	(1,192)	4,588
Movement arising from the acquisition or disposal of business		
Other	-	(57)
Provision at end of year	4,769	(5,495)
Fixed asset timing differences	1,992	(2,281)
Temporary trading timing differences	(1,103)	(539)
Temporary non-trading timing difference	(8)	-
Tax losses	(912)	(32)
Research & development expenditure credit	(17)	(27)
Intangibles arising on business combinations	10,174	1,960
Defined benefit pension obligations	(5,537)	(4,576)
Net deferred tax balance	4,769	(5,495)

Deferred tax assets are recognised on the basis of future taxable profits, in excess of profits arising from the reversal of existing taxable temporary differences, forecast to arise within the tax group in the foreseeable future.

10 Property, plant and equipment

	Land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Total £000
Cost or valuation				
At 1 January 2022	18,413	23,847	2,789	45,049
Additions	2,574	2,575	99	5,248
Acquisitions through business combination	4,975	206	13	5,194
Disposals	(1,415)	(473)	(49)	(1,937)
Foreign exchange movements	168	105	50	323
Reclassifications	-	21	(21)	-
At 31 December 2022	24,715	26,281	2,881	53,877
Accumulated depreciation				
At 1 January 2022 (as previously stated	8,479	18,272	2,258	29,009
Prior year restatement	498	103	-	601
At 1 January 2022 (restated)	8,977	18,375	2,258	29,610
Charge for the year	1,806	2,177	180	4,163
Disposals	(1,459)	(430)	(15)	(1,904)
Foreign exchange movements	338	315	95	748
Reclassifications	-	16	(2)	14
At December 31 2022	9,662	20,453	2,516	32,631
Carrying amount				
At 31 December 2022	15,053	5,828	365	21,246
At 31 December 2021	9,436	5,472	531	15,439

	Land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Total £000
Cost or valuation				
At 1 January 2021	38,297	22,826	3,303	64,426
Additions	2,667	6,381	583	9,631
Disposals	(22,750)	(4,401)	(296)	(27,447)
Foreign exchange movements	(401)	(293)	(11)	(705)
Reclassifications	600	(666)	(790)	(856)
At 31 December 2021 (restated)	18,413	23,847	2,789	45,049
Accumulated depreciation				
At 1 January 2021	8,937	16,442	2,448	27,827
Charge for the year	1,320	2,671	229	4,220
Disposals	(1,678)	(523)	(200)	(2,401)
Impairment (restated)	498	103	-	601
Foreign exchange movements	(104)	(314)	(12)	(430)
Reclassifications	4	(4)	(207)	(207)
At December 31 2021	8,977	18,375	2,258	29,610
Carrying amount				
At 31 December 2021 (restated)	9,436	5,472	531	15,439
At 31 December 2020	29,360	6,384	855	36,599

11 Right-of-use assets

	Land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Total £000
Cost or valuation				
At 1 January 2022	95,028	41,226	856	137,110
Additions	10,629	17,193	-	27,822
Modifications	5,645	761	-	6,406
Acquisitions through business combination	7,665	154	-	7,819
Terminations	(790)	(7,767)	-	(8,557)
Foreign exchange movements	431	-	-	431
Reclassifications	-	-	-	-
At 31 December 2022	118,608	51,567	856	171,031
Depreciation				
At 1 January 2022 (as previously stated)	20,941	19,745	371	41,057
Prior year restatement	6,908	6,822	-	13,730
At 1 January 2022 (as restated)	27,849	26,567	371	54,787
Charge for the year	12,486	8,353	112	20,951
Terminations	(790)	(7,726)	-	(8,516)
Foreign exchange movements	(157)	(24)	(2)	(183)
Reclassifications	-	-	-	-
At December 31 2022	39,388	27,170	481	67,039
Carrying amount				
At 31 December 2022	79,220	24,397	375	103,992
At 31 December 2021	67,179	14,659	485	82,323

	Land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Total £000
Cost or valuation				
At 1 January 2021	73,230	40,358	-	113,588
Additions	24,539	6,912	-	31,451
Terminations	(2,718)	(6,042)	-	(8,760)
Foreign exchange movements	(23)	(2)	-	(25)
Reclassifications	-	-	856	856
At 31 December 2021 (restated)	95,028	41,226	856	137,110
Depreciation				
At 1 January 2021	13,109	15,312	-	28,421
Charge for the year	10,205	10,455	164	20,824
Terminations	(2,483)	(6,022)	-	(8,505)
Impairment (restated)	6,908	6,822	-	13,730
Foreign exchange movements	110	-	-	110
Reclassifications	-	-	207	207
At December 31 2021 (restated)	27,849	26,567	371	54,787
Carrying amount				
At 31 December 2021 (restated)	67,179	14,659	485	82,323
At 31 December 2020	60,121	25,046	-	85,167

12 Intangible assets

As part of assessing the carrying amount of goodwill there is a requirement to assess the recoverable amounts of the operating assets within each CGU. This identified that as at 31 December 2021 the value in use was lower than the carrying value of the assets by £35,580k. This impairment charge has been allocated against goodwill (£16,356k), other intangible assets (£4,993k), Right-of-use-assets (£13,730k) and property, plant and equipment (£601k).

	Goodwill purchased & arising on consolidation £000	Computer software £000	Patents & trademarks £000	Customer lists £000	Total £000
Cost or valuation					
At 1 January 2022	27,416	9,496	16,413	30,259	83,584
Additions, separately acquired	-	921	74	-	995
Additions, internally developed	-	1,016	-	-	1,016
Acquisition through business combination	33,008	1,663	-	26,899	61,570
Disposals	-	-	-	-	-
Foreign exchange movements	1,792	91	-	1,222	3,105
Reclassifications	-	(348)	348	-	-
At 31 December 2022	62,216	12,839	16,835	58,380	150,270
Amortisation					
At 1 January 2022 (as previously stated)	4,353	5,109	10,292	11,192	30,946
Prior year restatement	14,913	-	-	4,952	19,865
At 1 January 2022	19,266	5,109	10,292	16,144	50,811
Amortisation charge	-	1,857	1,931	3,785	7,573
Disposals	-	-	-	-	-
Foreign exchange movements	(26)	(2)	-	29	1
Reclassifications	-	(58)	45	-	(13)
At 31 December 2022	19,240	6,906	12,268	19,958	58,372
Carrying amount					
At 31 December 2022	42,976	5,933	4,567	38,422	91,898
At 31 December 2021	8,150	4,387	6,121	14,115	32,773

	Goodwill purchased & arising on consolidation £000	Computer software £000	Patents & trademarks £000	Customer lists £000	Total £000
Cost or valuation					
At 1 January 2021	28,135	8,309	16,413	30,259	83,116
Additions, separately acquired	-	770	-	-	770
Additions, internally developed	-	572	-	-	572
Disposals	(1,265)	(155)	-	-	(1,420)
Foreign exchange movements	546	-	-	-	546
At 31 December 2021	27,416	9,496	16,413	30,259	83,584
Amortisation					
At 1 January 2021	3,827	3,193	8,405	8,662	24,087
Amortisation charge	-	2,030	1,887	2,563	6,480
Impairment loss recognised (restated)	16,356	41	-	4,952	21,349
Disposals	(1,265)	(155)	-	-	(1,420)
Foreign exchange movements	348	-	-	(33)	315
At 31 December 2021	19,266	5,109	10,292	16,144	50,811
Carrying amount					
At 31 December 2021	8,150	4,387	6,121	14,115	32,773
At 31 December 2020	24,308	5,116	8,008	21,597	59,029

Amortisation charges for the years ended 31 December 2022 and 31 December 2021 are included within administrative expenses.

Goodwill by reportable segment

	Air & sea freight £000	Road freight £000	Contract logistics £000	Corporate & eliminations £000	Total £000
Cost or valuation					
At 1 January 2021	1,046	23,262	-	-	24,308
Foreign exchange movements	198		-	-	198
Impairment loss recognised	-	(16,356)	-	-	(16,356)
At 1 January 2022	1,244	6,906	-	-	8,150
Recognised on acquisitions (note 25)	31,503	1,505	-	-	33,008
Foreign exchange movements	1,792	26	-	-	1,818
At 31 December 2022	34,539	8,437	-	-	42,976

Cash-generating units

The Directors consider that each subsidiary in the group is an individual cash-generating unit ('CGU'). Goodwill has been allocated and monitored for impairment testing purposes to groups of individuals CGUs within the same brand. The following table analyses goodwill by CGU grouping.

	2022 £000	2021 £000
Global forwarding	1,244	1,244
Fast Forward Freight	33,295	-
Palletforce	6,932	6,906
Dobbs	1,505	-
	42,976	8,150

Impairment of goodwill

The group tests goodwill annually for impairment or more frequently if there are indications of impairment. Goodwill is tested for impairment by comparing the carrying amount of each cash-generating unit with the recoverable amount. The recoverable amounts are determined based on value in use calculations. The fair value measurement is categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The group uses cash flow projections based on the latest Board approved forecasts which include estimates of EBITDA which were made taking into account past experience and adjusted for the future business outlook and expected changes in the marketplace and cost base. The pre-tax cash flows are discounted to pre-tax discount rates based on the group's beta adjusted cost of capital reflecting management's assessment of specific risks related to each cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources, together with the group's views on the future achievable growth and the impact of committed cash flows. Cash flows beyond this are extrapolated using the estimated long-term growth rates summarised in the table below.

	2022			2021		
	Weighted average risk adjusted discount rate	Growth rate 1 to 5 years	Long term growth rate	Weighted average risk adjusted discount rate	Growth rate 1 to 5 years	Long term growth rate
Global Forwarding	13.0%	1.3%	2.2%	12.0%	3.0%	3.0%
Fast Forward Freight	13.0%	1.3%	2.2%	n/a	n/a	n/a
Palletforce	13.0%	1.3%	2.2%	9.0%	1.0%	1.0%
Dobbs	13.2%	1.3%	2.2%	n/a	n/a	n/a
Epiphany	n/a	n/a	n/a	9.2%	Years forecasted individually	1.0%

The group has recognised and impairment charge in respect of Epiphany goodwill of £16,356k due to Epiphany underperforming its forecasts as at 31 December 2021. This was processed as a prior year restatement, as described in the note 28. At the end of 2022 financial year the recoverable amount of goodwill in all cash-generating units was in excess of their book value and therefore no impairment has been recognised. The impairment reviews have shown that none of the other cash-generating units were sensitive to changes in the assumptions used in the impairment reviews.

Impairment of other intangible assets
Intangible assets with finite useful lives are tested for impairment if events or changes in circumstances (assessed at each reporting date) indicate that the carrying amount may not be recoverable. When an impairment test is performed, the recoverable amount is assessed by reference to the higher of the net present value of the expected future cash flows (value in use) of the relevant cash generating unit and the fair value less costs to dispose.

The group has recognised and impairment charge in respect of Epiphany customer contracts of £4,952k as at 31 December 2021, due to the loss of certain contracts. This was processed as a prior year restatement, as described in the note 28. At the end of 2022 financial year the recoverable amount of goodwill in all cash-generating units was in excess of their book value and therefore no impairment has been recognised. The impairment reviews have shown that none of the other cash-generating units were sensitive to changes in the assumptions used in the impairment reviews.

Impairment of other operating assets
As part of assessing the carrying amount of goodwill the directors performed a review of the recoverable amounts of the operating assets within each CGU.

This identified that as at 31 December 2021 the value in use was lower than the carrying value of the assets by £35,580k.

In addition to the impairment charge against goodwill and other intangible assets described above further impairment was allocated against Right of use assets of £13,730k and property, plant and equipment of £601k.

13 Trade and other receivables

Trade and other receivables comprise the following:	2022 £000	2021 £000 (restated – note 28)
Trade receivables, gross	201,823	219,205
Less: provision for impairment of trade receivables	(11,519)	(3,409)
Trade receivables, net	190,304	215,796
Other receivables	19,975	21,226
Prepayments & accrued income	35,902	58,753
Amounts owed by related parties	8,520	20,912
	254,701	316,687

Trade receivables have been pledged as security for the' group's other borrowings. The carrying amount of trade receivables pledged as security for liabilities amounted to £63,219k (2021: £40,403k).

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation - fair value as this financial asset (which is measured at amortised cost) is expected to be paid within six months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

All of the group's trade and other receivables have been reviewed for indicators of impairment. The impaired trade receivables are mostly due from customers in the business-to-business market that are experiencing financial difficulties.

Both the current and comparative impairment provisions apply the IFRS 9 expected loss model.

Accrued income relates to amounts where services have been completed but not yet invoiced. Trade receivables above include amounts that are past due at the end of the reporting year and which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there hasn't been a significant change in credit quality.

Age of trade and other receivables that are not impaired

	2022 £000	2020 £000
Not past due to 30 days	110,631	113,801
Past due 31 to 60 days	42,700	66,031
Past due 61 to 90 days	16,894	17,073
Past due more than 91 days	20,079	18,891
	190,304	215,796

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

14 Cash and cash equivalents

	2022 £000	2020 £000
Cash & cash equivalents in statement of financial position	34,190	47,080
Unsecured bank overdrafts	-	(1,226)
Cash & cash equivalents in statement of cash flow	34,190	45,854

15 Share capital

Authorised share capital

	2022		2021	
	£000	£000	£000	£000
Ordinary shares of £1 each	230	230	230	230
Preference shares of £1 each	250	250	250	250
	480	480	480	480

Allotted, called up and fully paid shares

	2022		2021	
	£000	£000	£000	£000
Ordinary shares of £1 each	188	188	188	188

The allotted and called up share capital consists only of fully paid ordinary shares with a nominal (par) value of £1 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings.

16 Share premium

	2022 £000	2020 £000
Share premium	89,240	89,240

Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium, less registration and other regulatory fees and net of related tax benefits.

17 Other components of equity

The changes to other components of equity resulting from items of other comprehensive income for the current year were as follows:

	Foreign currency translation reserve £000	Merger reserve £000	Capital contribution reserve £000	Total £000
At 1 January 2022	4,944	(101,035)	-	(96,091)
Foreign currency translation gains	448	-	-	448
Loan waiver	-	-	43,500	43,500
Balance at 31 December 2022	5,392	(101,035)	43,500	(52,143)

The changes to other components of equity resulting from items of other comprehensive income for the prior period were as follows:

	Foreign currency translation reserve £000	Merger reserve £000	Capital contribution reserve £000	Total £000
Balance at 1 January 2021	4,175	(57,535)	-	(53,360)
Foreign currency translation gains	769	-	-	769
Organisation restructuring	-	(43,500)		(43,500)
Balance at 31 December 2021	4,944	(101,035)		(96,091)

Foreign currency translation reserve

Comprises foreign currency translation differences arising from the translation of financial statements of the group's foreign entities into GBP.

Merger reserve
This comprises of adjustments arising from the application of merger accounting for group restructuring and the details of the movement for each year are set out below:

During July 2021, EVCH UK Limited acquired the share capital of companies with the same ultimate parent company, Epiphany Operations Limited (and subsidiaries) and TTT Logistics Limited (and subsidiaries). In addition, in October 2021, Princetonhall Limited, an indirect subsidiary of EVCH UK Limited, acquired the share capital of EV Cargo Private Limited (and subsidiaries), also with the same ultimate parent company.

These acquisitions have been accounted for under merger accounting principles meaning that the results of the consolidated group for the year ended 31 December 2021 include the results of those entities in full.

The consideration paid for the acquisition of Epiphany Operations Limited (and subsidiary companies) was £43,500k paid by the issue of loan notes, resulting in a reduction in total equity of the group of this amount. The consideration paid for the acquisition of TTT Logistics Limited (and subsidiaries) was £1 paid in cash.

Capital contribution reserve
Represents the waiver of the unsecured loan notes from the related party. This reserve is distributable.

18 Loans and borrowings

	2022 £000	2020 £000
Non-current loans and borrowings		
Secured bank loans	28,875	24,775
Current loans and borrowings		
Secured bank loans	7,123	5,253
Secured invoice financing	63,219	40,403
Unsecured other borrowings	-	4,327
Unsecured bank overdrafts	-	1,226
	70,342	51,209

Details of the facilities relating to the above loans and borrowings are set out below:

Facility	Currency	Nominal interest rate	Year of maturity	Carrying amount 2022 £000	2021 £000
Vendor loans	EUR	4.50%	2026	18,521	-
Secured bank loans[1]	EUR/GBP	1.50-SOFR +4.90%	2024-2034	17,477	30,028
Secured invoice financing[2]	GBP	SOFR+1.80%-2.75%	On demand - 5 months' notice	63,219	40,403
Corporate charge card	GBP	1.00%	Monthly	-	4,327
Bank overdraft - unsecured	EUR	0.60%	On demand	-	1,226
				99,217	75,984

As at 31 December 2022, the group is exposed to risks arising from interest rate benchmark reform as LIBOR is replaced with alternative benchmark interest rates. The quantitative exposure is disclosed above.

[1] Secured loans are secured by fixed and floating charges over group assets.
[2] Invoice discounting is secured by a fixed charge over trade receivables, subject to a negative pledge.

The group has mandatorily adopted Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and 16). Applying the practical expedient introduced by the amendments, when the benchmarks affecting the group's loans are replaced, the adjustments to the contractual cash flows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loans' benchmark interest rate will not result in an immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted. As at 31 December 2022, the group expects the affected bank loans to transition to alternative interest rate benchmarks by 1 March 2023.

19 Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2022 £000	2021 £000
Current liabilities	23,616	18,969
Non-current liabilities	100,686	87,344
	124,302	106,313

The total interest expense for the year on lease liabilities is disclosed within finance costs in Note 4 to the financial statements. The total cash outflow in respect of leases for the year was £29,087k (2021: £23,400k).

The group has leases for warehouses, vehicles and other equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of turnover) are excluded from the initial measurement of the lease liability and asset. The group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that unless there is a contractual right for the group to sublet the asset to another party, the right-of-use asset can only be used by the group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term.

The group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the group must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

Details of the right-of-use assets by class of underlying asset are disclosed in Note 11, which contains details of additions, depreciation charges for the year and carrying amounts at the end of the year. Included within current and non-current lease liabilities in both years are amounts owed to related parties arising from a sale and leaseback transaction in 2021. The lease liabilities are secured by the related underlying assets.

Future minimum lease payments were as follows:

Minimum lease payments due	Within 1 year £000	2-5 years £000	After 5 years £000	Total £000
At 31 December 2022:				
Lease payments	28,712	73,054	45,773	147,539
Finance charges	(5,088)	(12,175)	(5,974)	(23,237)
Net present values	23,624	60,879	39,799	124,302
At 31 December 2021:				
Lease payments	22,942	60,388	43,534	126,864
Finance charges	(3,973)	(10,020)	(6,558)	(20,551)
Net present values	18,969	50,368	36,976	106,313

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets (leases with a total outlay of less than £5k). Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. There are no material low value or variable lease costs.

At 31 December 2022 the group had not committed to any material leases which had not yet commenced.

20 Provisions

	Dilapidations provision £000	Terminal repairs provision £000	Other provisions £000	Total £000
At 1 January 2022	2,739	636	368	3,743
Additional provisions	-	909	6	915
Acquired as part of acquisition	-	-	3,800	3,800
Amount utilised or reversed	(98)	(181)	(319)	(598)
At 31 December 2022	2,641	1,364	3,855	7,860

Dilapidations provision: relates to various properties, which will be utilised over the next 10 years as leases expire.

Terminal repairs provision: relate to repairs on vehicles and trailers held on leases and are recognised on a lease-by-lease basis based on historic return costs.

Other provisions: relate to retirement indemnity provisions and other claims.

21 Trade and other payables

Current liabilities	2022 £000	2020 £000 (Restated)
Trade payables	95,546	133,871
Other creditors	12,577	28,038
Accruals and deferred income	74,385	87,284
Deferred tax liability - current portion	-	4
Amounts due to related parties	34,367	13,595
	216,875	262,792

All amounts are short-term. The carrying value of trade payables is considered to be a reasonable approximation of fair value.

Amounts due to related parties are interest free and repayable on demand.

Non-current liabilities	2022 £000	2020 £000
Amount due to related parties	-	43,500
	-	43,500

Amounts due to related parties in FY21 consist of Unsecured Loan Notes of £43,500k. Those were formally waived during FY22 and the balance credited against capital contribution reserve.

22 Pension and other schemes

Defined contribution pension scheme
The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £4,234k (2021: £3,867k).

Defined benefit pension scheme
The group operates the Plan, which is a defined benefit pension scheme providing benefits for its members that pays out pensions at retirement based on service and final salary. Such plan was available to certain UK employees through the' group's subsidiary EV Cargo Global Forwarding Limited. The group has applied IAS19 (Revised 2011) and the disclosures relate to this standard.

The Scheme operates under UK trust law and the trust is a separate legal entity from the group. The Scheme is governed by a sole independent Trustee. The Trustee is required by law to act in the best interests of Scheme members and is responsible for setting certain policies (e.g. investment, funding) together with the group's subsidiary.

The Scheme exposes the group to actuarial risks such as longevity risk, interest rate risk, inflation risk and market (investment) risk. The group recognises any gains and losses each period in Other Comprehensive Income.

The present value of the Scheme's liabilities recognised at the balance sheet date and the pension expense cost are dependent on the assumptions chosen. Changes in forecast cash flow values for the Scheme could lead to a change in the Scheme's valuation. The sensitivity analysis within the disclosures illustrate how changes in the main actuarial assumptions would impact the defined benefit obligation at the end of the reporting period. Whilst the analysis does not take account of the full distribution of cash flows expected under the Scheme, it does provide an approximation to the sensitivity of the assumptions shown.

For the purposes of these financial statements, a valuation has been performed as at 31 December 2022.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised
The amounts recognised in the statement of financial position are as follows:

	2022 £000	2020 £000
Fair value of scheme assets	49,269	89,325
Present value of scheme liabilities	(70,773)	(107,627)
Defined benefit pension scheme deficit	(21,504)	(18,302)

Scheme assets
Changes in the fair value of scheme assets are as follows:

	2022 £000	2020 £000
Fair value at start of year	89,325	88,338
Interest income	1,596	1,201
Return on plan assets, excluding amounts included in interest income	(40,381)	4,950
Contributions by group company	2,440	1,420
Benefits paid and expenses	(3,711)	(6,584)
Fair value at end of year	49,269	89,325

Analysis of assets
The major categories of scheme assets are as follows:

	2022 £000	2020 £000
Cash and cash equivalents	1,851	560
Equity instruments	47,418	88,765
	49,269	89,325

Equity instruments
Equity instruments can be further categorised as follows:

	2022 £000	2021 £000
Quoted		
Corporate bonds	2,332	16,249
Equity-linked bonds	-	-
Multi-asset credit fund	12,842	13,583
Total return credit funds alternative	2,074	15,908
LDI	30,170	43,025
	47,418	88,765

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA or AA-rated. All other Plan assets are not quoted in an active market.

The actual return on the Plan assets for the year ended 31 December 2022 was £(38,785)k (2021 - £6,151k). The defined benefit costs recognised in the income statement for the year ended 31 December 2022 was £800k (2021 - £994k).

The pension scheme has not invested in any of the group or ’company’s own financial instruments or in properties or other assets used by the group or company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2022 £000	2021 £000
Present value at start of year	107,627	128,127
Actuarial gains & losses arising from changes in demographic assumptions	2,044	(10,747)
Actuarial gains & losses arising from changes in financial assumptions	(39,417)	(6,680)
Actuarial gains & losses arising from experience adjustments	1,760	1,316
Interest cost	1,908	1,751
Benefits paid	(3,711)	(6,584)
Expenses	562	444
Present value at end of year	70,773	107,627
Analysed as:		
Present value of scheme liabilities arising from wholly funded schemes	70,773	107,627

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2022 %	2021 %
Discount rate	4.70	1.80
Inflation (RPI)	3.15	3.30
Inflation (CPI)	2.65	2.75
Allowance of revaluation of deferred pensions of CPI of 5% p.a. if less	3.00	3.00
Allowance of pension in payment increases of CPI of 5% p.a. if less, minimum 3% p.a.	3.60	3.35
Allowance for commutation of pensions for cast at retirement	100.00	100.00

Post retirement mortality assumptions

	2022 Years	2021 Years
Current UK pensioners at retirement age – male	19.50	19.70
Current UK pensioners at retirement age – female	22.10	22.20
Future UK pensioners at retirement age – male	20.70	21.00
Future UK pensioners at retirement age – female	23.50	23.70

23 Net debt

a. Movement in net debt

	Cash and cash equivalents £000	Long term borrowings £000	Short term borrowings £000	Total £000
At 1 January 2022	47,080	(24,775)	(49,983)	(27,678)
Cash flows:				
- Cash movements	(12,890)	-	-	(12,890)
- Drawdowns and repayments of loans	-	(4,100)	2,457	(1,643)
- Net movement on invoice financing	-	-	(22,816)	(22,816)
At 31 December 2022	34,190	(28,875)	(70,342)	(65,027)

	Cash and cash equivalents £000	Long term borrowings £000	Short term borrowings* £000	Total £000
At 1 January 2021 (restated)	21,900	(46,330)	(31,583)	(56,013)
Cash flows:				
- Cash movements	25,180	-	-	25,180
- Drawdowns and repayments of loans (restated)	-	21,555	(3,026)	18,529
- Net movement on invoice financing	-	-	(15,374)	(15,374)
At 31 December 2021	47,080	(24,775)	(49,983)	(27,678)

* excludes bank overdraft

24 Free cash flow

	2022 £000	2021 £000
Net cash flow from operating activities	41,293	38,022
Payments in respect of lease liabilities (including interest)	(29,087)	(23,400)
Acquisition of property, plant & equipment	(5,248)	(9,631)
Dividend income	4,295	5,665
Free cash flow	11,253	10,656

25 Business combinations

a. Summary of acquisitions in 2022

Acquisition of Fast Forward Freight

The group acquired 100% of the share capital of Fast Forward Freight B.V. and its subsidiaries on 22 March 2022. This strategic acquisition significantly expands EV Cargo's global footprint, enables further trade lane development and adds several thousand customers to EV Cargo across strategic industry verticals such as automotive, aerospace, pharmaceuticals and retail.

Acquisition of Air Express Cargo

The group acquired 75% of the share capital of Air Express Cargo S.L. on 20 July 2022. This acquisition significantly expands EV Cargo's presence in Spain.

Acquisition of Dobbs

In December 2022, Palletforce Limited, a subsidiary of EVCH UK Limited, acquired 100% of the share capital of Dobbs Logistics Limited, an affiliated company with the same ultimate parent company. Dobbs Logistics Limited provides pallet distribution, project cargo, haulage and warehousing services. This acquisition further strengthens the Palletforce network, providing members with a stable and trusted service partner in a key location.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Fast Forward Freight B.V. Mar-22 £000	Air Express Cargo S.L. Sept-22 £000	Dobbs Logistics Ltd Dec-22 £000	Total acquisitions 2022 £000
Cash consideration paid	20,271	385	4,343	24,999
Roll over purchase price	25,213	-	-	25,213
Cash consideration deferred	-	-	1,000	1,000
Consideration issues in loan routes	19,056	-	-	19,056
Total purchase consideration	64,540	385	5,343	70,268

The roll over purchase price relates to the fair value of shares issued in EV Cargo Holdings Limited as part of the consideration paid for Fast Forward Freight. Fair value was determined based on the valuation of EV Cargo Holdings Limited at the time of acquisition.
The assets and liabilities recognised as a result of the acquisition are as follows:

	Fast Forward Freight B.V. Mar-22 £000	Air Express Cargo S.L. Sept-22 £000	Dobbs Logistics Ltd Dec-22 £000	Total acquisitions 2022 £000
Cash & cash equivalents	2,711	23	540	3,274
Trade & other receivables	33,188	1,014	557	34,759
Property, plant & equipment	3,235	1	1,958	5,194
Right-of-use assets	7,819	-	-	7,819
Intangible assets	27,083	-	1,479	28,562
Investments	-	9	10	19
Trade & other payables	(16,389)	(273)	(667)	(17,329)
Borrowings	(5,155)	(462)	-	(5,617)
Provisions	(3,800)	-	-	(3,800)
Lease liabilities	(7,819)	-	-	(7,819)
Deferred tax assets/(liabilities)	(7,836)	73	(39)	(7,802)
Total identifiable net assets	33,037	385	3,838	37,260
Add: Goodwill	31,503	-	1,505	33,008
Total net assets acquired	64,540	385	5,343	70,268

The goodwill is attributable to the workforce, profitability of the acquired business and access to new markets. It will not be deductible for tax purposes.

b. Revenue and profit contribution

The acquired business contributed the following revenues and net profit to the group since their respective acquisition dates:

	Fast Forward Freight B.V. Mar-22 £000	Air Express Cargo S.L. Sept-22 £000	Dobbs Logistics Ltd Dec-22 £000	Total acquisitions 2022 £000
Revenue contributed to group	127,965	3,165	-	131,130
Net profit contributed to group	6,030	293	-	6,323

If the acquisition had occurred on 1 January 2022, consolidated pro-forma revenue and profit for the year ended 31 December 2022 would have been as follows:

	Fast Forward Freight B.V. Mar-22 £000	Air Express Cargo S.L. Sept-22 £000	Dobbs Logistics Ltd Dec-22 £000	Total acquisitions 2022 £000
Revenue contributed to group	167,104	4,220	4,992	176,316
Net profit contributed to group	5,283	391	308	5,982

These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the group and the subsidiary.

c. Purchase consideration – cash outflow

Outflow of cash to acquire each subsidiary, net of cash acquired was as follows:

	Fast Forward Freight B.V. Mar-22 £000	Air Express Cargo S.L. Sept-22 £000	Dobbs Logistics Ltd Dec-22 £000	Total acquisitions 2022 £000
Cash consideration	20,271	385	4,343	24,999
Less: Balances acquired				
Cash	(2,711)	(23)	(540)	(3,274)
Net outflow of cash - investing activities	17,560	362	3,803	21,725

Acquisition-related costs

Acquisition-related costs of £3,135k are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows. Those have been treated as adjusting items, as described in note 6.

26 Non adjusting events after the financial year

The group acquired the remaining 60% of the shares of Allport Netherlands B.V., for the total consideration of €41,000k, on 29 March 2023, making it a fully owned subsidiary after the acquisition date. As part of the transaction, the group also acquired the remaining shares in EV Cargo Global Forwarding BV in Belgium to become the sole shareholder of the business. This strategic acquisition further increases our European network, strengthening our European freight forwarding and logistics execution platform and enables further development opportunities with a business that is highly complementary to EV Cargo's current activities. The acquisition was partly funded by a term loan with HSBC Plc of £25,000k, which is now due for repayment in March 2025.

Two of the group's subsidiaries have a secured invoice financing facility operated by Investec, that has a monthly covenant requirement based on minimum EBITDA. Post year end the minimum EBITDA covenant threshold has been reset and continues to be monitored by management.

Post year end, the debt of £12,800k held by one of the subsidiaries, repayable in October 2023 was amended and extended to December 2027.

The Directors have noted prior public reporting of potential disputes with a freight service provider and related party (by minority shareholding). The relevant proceedings are at an early stage and the Directors are not in a position therefore to determine potential legal outcomes. In any event, the Directors have no reason to consider any part of the disputes to constitute a material risk to the group.

27 Parent and ultimate parent undertaking

The immediate parent undertaking is EV Cargo Group Limited, a company registered in the Cayman Islands. The ultimate parent company is Billion Venture Group Limited, a company registered in the British Virgin Islands. The ultimate controlling party is Mr H Zarin. The largest and the smallest group of undertakings for which group financial statements are drawn up are those financial statements.

28 Prior year restatement

Note 1) During the 2022 audit it was identified that the forecasts used in the impairment reviews of a subsidiary as at 31 December 2021 were not the most appropriate. The forecasts used had been set during 2021, and did not reflect all the indicators of economic downturn that could have been factored in at that time, and were considered to be stretch targets for the business. An impairment was identified during the impairment review exercise performed as at December 2022, and it was determined that this would have also arisen in 2021, if more cautious forecasts that represented management's best estimate at that time had been utilised. Therefore the impairment that has arisen has been treated as a prior year adjustment. This resulted in the impairment against goodwill, intangibles, property plant and equipment and right of use assets of £34,196,000, with an associated taxation adjustment to increase deferred tax assets and reduced taxation charge of £4,820,000, which results in a net decrease to net assets and reported profit after tax of £29,476,000.

Note 2) Our Global forwarding business recognises revenue over time as the performance obligation is satisfied. It has been identified that certain balance sheet entries associated with recognising revenue over time had been incorrectly calculated and presented. An amount of £26,900,000 was incorrectly included within both trade and other receivables and within trade creditors. Furthermore, £11,845,000 should have been presented as a contract asset of £11,845,000 with an equivalent balance within accruals. There is no impact on reported results or net assets or reserves as a result of this adjustment.

In addition 2021 revenue as previously reported contained internal revenue journals amounting to £36,481,000 with an associated cost of sales impact of £36,481,000 that should have been reversed, and therefore this has now been eliminated as a prior year adjustment. There is no impact on reported retained earnings or net assets.

Consolidated income statement for the year ended 31 December 2021

	Previously reported	Note 1	Note 2	As restated
Revenue	1,127,069	-	(36,481)	1,090,588
Cost of sales	(982,562)	(6,822)	36,481	(952,903)
Gross profit	144,507	(6,822)	-	137,685
Administrative expenses	(112,888)	(27,374)	-	(140,262)
Other operating income	5,341	-	-	5,341
Operating profit	36,960	(34,196)	-	2,764
Finance income	688	-	-	688
Finance cost	(8,375)	-	-	(8,375)
Net finance cost	(7,687)	-	-	(7,687)
Share of profit of equity accounted investees	6,284	-	-	6,284
Profit before tax	35,557	(34,196)	-	1,361
Taxation	(2,150)	4,820	-	2,670
Profit for the year	33,407	(29,376)	-	4,031
Profit attributable to:				
Owners of the company	31,317	(29,376)	-	1,941
Non-controlling interest	2,090	-	-	2,090
	33,407	(29,376)	-	4,031

Consolidated Statement Of Financial Position at 31 December 2021

	Previously reported	Note 1	Note 2	As restated
Non-current assets				
Property, plant & equipment	16,040	(601)	-	15,439
Right-of-use assets	96,053	(13,730)	-	82,323
Intangible assets	52,638	(19,865)	-	32,773
Equity accounted investments	12,913	-	-	12,913
Other non-current financial assets	192	-	-	192
Deferred tax assets	7,525	4,820	-	12,345
	185,361	(29,376)	-	155,985
Current assets				
Inventories	575	-	-	575
Trade & other receivables	343,587	-	(26,900)	316,687
Contract assets	-	-	11,845	11,845
Income tax assets	1,681	-	-	1,681
Cash & cash equivalents	47,080	-	-	47,080
	392,923	-	(15,055)	377,868
Total assets	578,284	(29,376)	(15,055)	533,853
Equity				
Share capital	188	-	-	188
Share premium	89,240	-	-	89,240
Foreign currency translation reserve	4,944	-	-	4,944
Merger reserve	(101,035)	-	-	(101,035)
Retained earnings	41,283	(29,376)	-	11,907
Equity attributable to owners of the company	34,620	(29,376)	-	5,244
Non-controlling interests	2,854	-	-	2,854
Total equity	37,474	(29,376)	-	8,098

Equities & liabilities	Previously reported	Note 1	Note 2	As restated
Non-current liabilities				
Loans & borrowings	24,775	-	-	24,775
Long term lease liabilities	87,344	-	-	87,344
Retirement benefit obligations	18,302	-	-	18,302
Deferred consideration	-	-	-	-
Provisions	3,743	-	-	3,743
Deferred tax liabilities	6,846	-	-	6,846
Amounts owed to related parties	43,500	-	-	43,500
	184,510	-	-	184,510
Current liabilities				
Trade & other payables	277,847	-	(15,055)	262,792
Loans & borrowings	51,209	-	-	51,209
Lease liabilities	18,969	-	-	18,969
Income tax liability	8,275	-	-	8,275
	356,300	-	(15,055)	341,245
Total liabilities	540,810	-	(15,055)	525,755
Total equity & liabilities	578,284	(29,376)	(15,055)	533,853