

Eddie Stobart Logistics plc

(the “Company”)

Full Year Results 2019

The Company announces its audited consolidated results for the twelve months ended 30 November 2019.

Underlying Results	2019	2018 ⁷	Change	Statutory Results	2019	2018 ⁷	Change
Revenue	£857.5m	£781.5m	£76.1m	Revenue	£857.5m	£781.5m	£76.1m
EBIT ¹	£(9.9)m	£9.0m	£(18.9)m	Operating profit before exceptionals	£(27.8)m	£(9.0)m	£(18.8)m
EBIT ¹ %	-1.1%	1.2%	-2.3%	Operating profit after exceptionals	£(228.0)m	£(14.1)m	£(213.9)m
EBITDA ²	£0.0m	£16.8m	£(16.8)m	Loss before tax	£(238.9)m	£(22.3)m	£(216.7)m
EBITDA ² %	0.0%	2.1%	-2.1%	Loss after tax	£(231.2)m	£(21.5)m	£(209.7)m
Adjusted (loss)/profit before tax ³	£(19.4)m	£2.9m	£(22.3)m	Dividend per share	nil	6.3p	-6.3p
Adjusted (loss)/profit after tax ⁴	£(11.7)m	£3.6m	£(15.3)m	Net cash from operating activities	£(8.0)m	£(3.9)m	£(4.1)m
Adjusted free cash flow ⁵	£(21.7)m	£(18.7)m	£(3.0)m	Earnings per share	-61.0p	-5.9p	-55.1p
Adjusted earnings per share ⁶	-3.1p	1.0p	-4.1p	Net debt	£214.5m	£159.6m	£(54.9)m

¹Underlying EBIT is defined as profit from operating activities before exceptional items, amortisation of acquired intangibles, employee share costs funded by previous parent holding group, charges to the income statement relating to the management incentive plan and long-term incentive plan, and including the Company's share of profit from equity accounted investees (and for FY18 also including force majeure and start-up costs associated with contract wins).

² Underlying EBITDA is defined as Underlying EBIT before depreciation of property, plant and equipment.

³ Adjusted profit/loss before tax is defined as profit/loss before tax adding back exceptional items, amortisation of acquired intangibles, employee share costs funded by previous parent holding group, charges to the income statement relating to the management incentive plan and long term incentive plan (and for FY18 also including force majeure and start-up costs associated with contract wins).

⁴ Adjusted profit after tax is Adjusted profit before tax less tax

⁵ Adjusted Free Cash Flow is defined as Cash generated from operating activities less purchase of property, plant and equipment adding back proceeds from sale of property, plant and equipment and less taxes paid and adding back the cash impact of exceptional items.

⁶ Adjusted Earnings per share is defined as adjusted profit after tax divided by the weighted average basic number of shares in issue at 30 November 2019

⁷ Restated

Full Year 2019 Results Summary

- Revenues grew by 9.7% to £857.1m (2018 restated: £781.5m) primarily due to the full year contribution of the acquisition of TPN in 2018. Excluding TPN, like for like revenues were flat, reflecting the exit from two underperforming contracts.
- Annualised, full year benefit of new contract wins in the year was £27.4m.
- Exceptional costs within administrative expenses of £200.2m (2018 restated: £5.1m) including the £169.2m impairment charge disclosed at the HY.
- Underlying EBIT¹ loss of £9.9m (2018 restated: profit of £9.0m) in line with the announcement made at the HY. This includes the impact of the previously communicated accounting related matters.
- Underlying EBIT¹ margin of -1.1% (2018 restated; 1.2%), impacted by lower margin revenues and increased indirect cost base.
- Loss before tax of £238.9m (2018 restated: loss of £22.3m) and loss after tax of £231.2m (2018 restated: £21.5m)
- Net debt up £54.9m to £214.5m.

DBAY transaction

- The Company successfully concluded the transaction with DBAY that was overwhelmingly approved by shareholders in December 2019, resulting in a new ownership structure under which the Company holds a 49% interest in the Eddie Stobart business. Shareholders have the opportunity to participate in the future growth of the Eddie Stobart business.
- This transaction provided £70m of additional liquidity, putting Eddie Stobart business on a stable footing and providing a platform from which to develop.
- The Eddie Stobart business has new leadership with significant experience of the logistics sector.

Eddie Stobart Logistics plc provided the following update on 21 May 2020 and intends to provide an update on the interim performance in the coming months:

21 May 2020 - Eddie Stobart Group - brand acquisition and trading update

Eddie Stobart Logistics plc (ESL:AIM), the AIM-quoted cash shell which holds a 49% equity interest in the trading entities of Eddie Stobart (“Eddie Stobart Group”), a leading UK end-to-end supply chain, transport and logistics group, has been notified that Eddie

Stobart Group has acquired the “Eddie Stobart” and “Stobart” brands from a subsidiary of Stobart Group Limited (STOB:LSE), the main market listed aviation and energy group.

The Company has been notified that as part of this transaction:

- a total cash consideration of £10 million is payable by the Eddie Stobart Group trading entity, Eddie Stobart Limited, of which £4 million is deferred (with £2.5 million payable in December 2020 and the remaining £1.5 million within 36 months), and will be funded from existing cash; and
- Stobart Group Limited is required to change its name by 28 February 2021.

Prior to acquiring the Eddie Stobart brand, the Eddie Stobart Group used the brand under a 2014 licence agreement and an annual fee of £3 million had become payable from 1 March 2020. This licence arrangement has now been terminated resulting in a cost saving for the Eddie Stobart Group of £3 million per annum. The acquisition of the brand will help stakeholders more easily to differentiate between the Eddie Stobart Group’s logistics business and the Stobart Group’s aviation and energy businesses, as the Stobart Group will transition to a different name.

Eddie Stobart Group trading update

The Company has also been notified by the Eddie Stobart Group of the following trading update for the period since end November 2019.

“Following the acquisition by funds managed by DBAY Advisors (“DBAY”) of a 51% equity interest in the Eddie Stobart Group, the management team led by Executive Chairman William Stobart has implemented measures to reorganise and streamline the operations and increase utilisation in the property portfolio, which are expected to positively impact the full year results to November 2020.

The team continues to closely monitor the impact of Coronavirus (COVID-19) on trading. While there have been some volume reductions in parts of the business, the Eddie Stobart Group has benefited from its traditional strong exposure to fast-moving consumer and grocery goods, as well as its e-commerce related activities and volumes in these areas remain strong.

Following the injection of funding by DBAY in December 2019, the Eddie Stobart Group management team believes the group continues to be well funded in this period of uncertainty.

In the Eddie Stobart Group update, William Stobart, Executive Chairman of Eddie Stobart Group commented:

“The safety and wellbeing of our employees is paramount to us. The majority of our employees are front-line key workers delivering essential goods and providing a critical service across the UK. We are all extremely proud of the professionalism and continued dedication of our workforce, delivering a strong performance for both existing and new customers throughout this challenging period.

The Eddie Stobart brand is an iconic name, linked to our core values, that should be part of the business. The acquisition will also deliver significant future cost savings and it will allow us to continue to grow brand awareness throughout the UK and Europe.”

Adrian Collins, Chairman of Eddie Stobart Logistics plc commented:

For obvious reasons much of this report deals with the past and makes for difficult reading but we are pleased to be putting these issues behind us. Since I have joined the Board, I have been impressed with the calibre and dedication of the Eddie Stobart leadership team and look forward to the future with optimism. I would like to thank shareholders for their continued support as the Company works towards becoming an investment company.

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Letter from Chairman

Dear Shareholders

As your new Chairman, I am conscious that I join the business at a critical juncture for the Company as we continue to explore opportunities to become an AIM investment company. I am also conscious of the turbulent period the business has emerged from and the on-going uncertainty as we go through the COVID-19 pandemic.

Review of the year

The financial results for the year show an underlying EBIT loss of £9.9m (2018 restated: £9.0m profit) reflecting the issues faced by the Company in 2019. These results are discussed in detail in the Business and Financial Review. I'm mindful that shareholders have suffered a significant fall in share price and have seen their ownership of the Eddie Stobart business reduced to a 49 per cent minority stake.

DBAY transaction

I am confident that the DBAY transaction, overwhelmingly approved by shareholders on 9 December 2019, was the best option available to the Group to address the liquidity issues we encountered last year. At the end of 2019, the Company had an acute need for additional funding to ensure the Group could continue to meet its obligations to customers and suppliers, and to safeguard the long-term future of the business and its employees. This transaction injected £70m¹ of liquidity into the operating businesses of Eddie Stobart (which we refer to as the Eddie Stobart business, please see glossary) and also allowed shareholders to retain an economic interest in the operations. In addition, the Company was granted an option to acquire an interest in the 18% PIK loan facility provided to the Eddie Stobart business by DBAY, conditional on shareholders agreeing to convert the Company into an AIM investment company and entering into a management agreement with DBAY.

Changes to the Board

Saki Riffner, Chief Investment Officer of DBAY, joined the Board as a non-executive Director in February, as agreed on completion of the DBAY transaction. This appointment broadens the experience of the Board and strengthens the Company's links with DBAY. Saki Riffner is also a director of Greenwhitestar Acquisitions Limited (GWSA) the operational holding company of the Eddie Stobart business.

Our investment in the Eddie Stobart business

Following the DBAY transaction, a new board and leadership team, led by Executive Chairman William Stobart, its former COO and CEO, was put in at GWSA, the holding company of the Eddie Stobart business. The Company is supportive of the measures being implemented by the new team to reorganise and streamline the operations of the business. As a 49 per cent shareholder, we expect that the Company will benefit from the changes being made and we look forward to continuing as a significant shareholder of the Eddie Stobart business.

The Company's links with the Eddie Stobart business have been further strengthened by the appointment of Stephen Harley, a member of our Board, to the board of GWSA. These links, and the contractual arrangements put in place at the time of the transaction enable the Board to monitor the Company's interest in the Eddie Stobart business and contribute to its future development.

¹ £50m net of £5m retained in Marcelos Limited relating to transaction costs and £20m revolving credit facility

Transition to being an AIM investment company

The Board believes the best way forward for Eddie Stobart Logistics plc is to become an AIM investment company focussing on investment in the logistics sector. In our view this sector will benefit from changing market dynamics and an increasing demand for logistics services and the companies that can meet the developing needs of businesses and consumers will prosper. I look forward to working with DBAY and the Board to deliver on the strategy and create value for our shareholders. We had intended to complete this transition within six months of completion of the DBAY transaction. However, this timeline has been extended as a result of the COVID-19 pandemic. Our intention now is to move forward with this transition before the end of the financial year, subject to shareholder approval.

COVID-19

To date the COVID-19 impact upon the Company has been limited as the Company is essentially a cash shell, but it has delayed the planned transition into an AIM investment company as explained further in this report. We will continue to monitor the impact of the pandemic upon our investment and also the wider economy.

In the longer term we believe that the pandemic may give rise to changes in how businesses structure their supply chains and in particular will impact stock holding decisions. This may have a positive impact upon the Eddie Stobart business and parts of the wider logistics sector.

Final thoughts

For obvious reasons much of this report deals with the past and makes for difficult reading. Since I have joined the Board I have been impressed with the calibre and dedication of the leadership team of the Eddie Stobart business, in which we have our investment, and look forward to the future with optimism.

Finally, I would like to thank shareholders for their continued support as the Company works towards becoming an AIM investment company.

Adrian Collins
Chairman

Business and Financial Review

Review of the year

A key element of the Group's strategy of becoming an end-to-end logistics solutions provider was to deliver double digit revenue growth. Since 2016, in pursuing that strategy, the Group expanded its warehousing portfolio taking into account customers' end to end logistics requirements. It was successful in securing several well positioned sites, however, the acceleration of that strategy outpaced immediate requirements. In the short term, costs of surplus properties could not be mitigated, though in the longer term the business should ultimately benefit from these properties through future revenue growth and potential changes in supply chain management giving rise to an increased demand for warehousing.

The development of the warehousing portfolio involved upfront cash receipts which obscured underlying movements in working capital and lessened disciplines around liquidity management. The warehousing strategy also distracted key management from activities in the core business, including assessing new contracts and the maximisation of the efficiency of our transport network. Meanwhile, increasing levels of profits were being generated from the recognition of development receipts as income in the period received.

The aggressive growth of the last few years led to higher working capital requirements. The combination of high growth and the reliance upon warehouse development income, which was at times unpredictable, contributed to the liquidity issues encountered in the second half of FY19. A lack of rigour in managing liquidity meant that these issues presented without due warning to the Board.

A significant amount of Board time was then spent in addressing these issues, devising a strategy, dealing with potential bidders and ultimately in securing the necessary funding from DBAY. This task was exacerbated by the significant accounting matters identified in the period.

Following the DBAY transaction a new board and leadership team at the Eddie Stobart business holding company level has been put in place led by Executive Chairman William Stobart, its former COO and CEO.

The business is being reviewed by the new leadership on an ongoing basis and while the COVID-19 pandemic has slowed implementation of some initiatives, the Eddie Stobart business has been able to accelerate steps taken in other areas, including the purchase of the "Eddie Stobart" and "Stobart" brands and the removal of two warehouses and the associated lease costs from the portfolio.

Financial processes and controls are being improved with the addition of strong new financial oversight, with further improvements to be put in place. Management time is being spent on the core business, including assessing new contracts and ensuring that each group company is being adequately rewarded for the services it delivers.

The different operating businesses are described below:

- Eddie Stobart Limited is a leading supplier of logistics solutions to UK businesses encompassing road transport, rail and warehousing services. The road transport business operates a unique, technology enabled, pay-as-you-go model utilising a shared-user network to maintain high levels of service while delivering cost effective solutions to customers. The rail offering integrates with the road transport operations and allows customers more choice in how we transport their products to market while warehouse operations offer technology led storage and handling solutions to customers on both an open and closed book basis.
- The long-established European operations, headquartered in Belgium, provide automotive and general cargo transport and warehousing services. The business supports major car manufacturers, delivering and collecting vehicles from factories and dealerships in the United Kingdom, Benelux, Czech Republic, France and Germany. Up to 10,000 vehicles can be accommodated at the site in Genk. The general cargo business provides Europe-wide transport services to major brands. The warehousing business provides cross-dock and European fulfilment services for international customers in the e-commerce sector.
- iForce is a leading UK-based e-commerce related logistics services provider active in warehousing, fulfilment and returns management and also provides various add-on services such as carrier optimisation for transport requirements. iForce's proprietary software, developed in-house and used by all its customers, is central to its business. This software manages logistics optimisation, including packaging and the selection of carrier, as well as track and trace and returns management, an increasingly important service for e-commerce focussed retailers. iForce's operational expertise and consulting skills, combined with this leading technology, enable bespoke services to be provided to customers.
- The Pallet Network (TPN) offers palletised freight distribution in the UK, Ireland and internationally through its network of more than 100 members, each of whom is an independent transport company, with over 120 depot locations in the UK.
- The Logistics People (TLP) is a recruitment agency providing part-time and full-time drivers and warehousing staff. With a large pool of potential staff, the business provides workers for on average c. 4,800 driving and 1,300 warehousing shifts per week, mainly to the Eddie Stobart business.

The results for these businesses are included in the segmental analysis at note 3.

The Eddie Stobart business also holds a 47.5% investment in Speedy Freight, a 24-hour express same or next day delivery service provider operating across the UK for business and domestic customers via a franchise model.

Revenues

Revenues for the full year increased by 9.7% to £857.1m compared to £781.5m (2018 restated) in the previous year primarily due to the full year benefit of the acquisition of TPN in 2018. Excluding TPN, like for like revenues were 0.1% less than 2018.

Revenues were impacted by the Company exiting two loss making contracts in our MIB and Retail sectors. Excluding this impact year on year growth was 14.3% and all sectors other than MIB continued to grow during the period. The Company continued to deliver excellent service to its customers and generated organic growth from existing customers while also winning new business.

The annualised, full year benefit of new contract wins in the year was £27.4m. The high level of new contract wins and renewals demonstrates the continued attractiveness of the business model to customers.

Revenue by Sector	2019	Weighting	Restated	Weighting	Growth
	£m	%	2018	%	
Retail	243.4	28.4%	237.6	30.4%	2.4%
Consumer	236.5	27.6%	179.7	23.0%	31.6%
E-Commerce	187.7	21.9%	169.5	21.7%	10.7%
Manufacturing, Industrial & Bulk (MIB)	169.1	19.7%	189.3	24.2%	(10.7%)
Non sector specific	20.8	2.4%	5.4	0.7%	285.2%
Revenue	857.5	100.0%	781.5	100.0%	9.7%

Three of our four customer sectors grew in comparison to last year:

- Retail revenue grew 2.4% to £243.4m (2018: £237.6m) driven by the full year impact of the acquisition of TPN. Revenue from the underlying business (excluding TPN) decreased by £34.9m, resulting from lower revenues partly resulting from the exit of a loss making contract. We secured new contract wins with major retailers during the year worth £6.0m per annum.

- Consumer revenue was £236.5m (2018: £179.7m), a 31.6% increase compared to 2018, with contract wins worth £4.0m. We also continued to grow existing customer volumes with nine of our ten largest customers delivering year on year revenue growth.
- E-commerce related revenue grew 10.7% to £187.7m (2018: £169.5m). E-Commerce accounted for 21.9% of total Group revenue (2018: 21.7%).
- MIB decreased by £20.2m (10.7%) due to the exit from an underperforming contract during the year.

The Directors believe that a more relevant presentation of the financial results for the period is arrived at by adjusting for certain items, which otherwise could influence the understanding of the underlying trading performance of the Group year-on-year as they are of a non-recurring nature. By adjusting certain items, a more representative view of the underlying trading performance of the business is arrived at.

A full reconciliation of adjusting items to their statutory equivalent is set out in note 4 of the financial statements and definitions for these adjusting items are set out below.

Underlying EBIT¹ and underlying EBITDA², together with net debt and revenue per month and YTD are the primary financial key indicators by which the performance of the business is monitored. EBIT, EBITDA and revenue are assessed against board approved budgets.

Underlying EBIT¹ for the 12 months to 30 November 2019 was a loss of £9.9m (2018: profit of £9.0m) which was broadly in line with the Board's expectations as announced at the time of publication of the Group's half year results. The underlying EBIT¹ was impacted by the growth strategy and increase in the indirect cost base as referred to above. Underlying EBIT¹ margin was -1% (-£9.9m) compared to 1% (£9.0m) in 2018 as restated.

Underlying EBITDA² for the year was £0.04m (0.01%), (2018: £16.8m, 2.1%). Adjusted loss before tax³ was £19.4m (2018: profit of £2.9m). Adjusted loss after tax⁴ was £11.7m (2018: profit of £3.6m).

Accounting matters

The Board recognised in a number of announcements made from July 2019 onwards that results for the 2019 financial year would be impacted by certain accounting-related matters (referred to as 'adjustments'). These matters were explained in the interim results published in February 2020. Restatement of audited accounts was also required for prior financial periods, and are summarised in note 30.

These adjustments were considered appropriate to reflect a more prudent approach to matters such as revenue recognition (related to customer contracts and property related services), provisions against customer recoveries and other matters such as dilapidations, balance sheet write-offs, lease accounting and cost accruals. There were also adjustments to reflect implementation of new accounting standards and a reconsideration of the decision made in 2017 to consolidate the results of Puro Ventures Limited ('Speedy Freight'). The total impact of these adjustments on underlying EBIT for the full year was a reduction of £32.1m.

¹Underlying EBIT is defined as profit from operating activities before exceptional items, amortisation of acquired intangibles, employee share costs funded by previous parent holding group, charges to the income statement relating to the management incentive plan and long-term incentive plan, and including the Company's share of profit from equity accounted investees (and for FY18 also including force majeure and start-up costs associated with contract wins).

² Underlying EBITDA is defined as Underlying EBIT before depreciation of property, plant and equipment.

³ Adjusted profit/loss before tax is defined as profit/loss before tax adding back exceptional items, amortisation of acquired intangibles, employee share costs funded by previous parent holding group, charges to the income statement relating to the management incentive plan and long term incentive plan (and for FY18 also including force majeure and start-up costs associated with contract wins).

⁴ Adjusted profit after tax is Adjusted profit before tax less tax

The key adjustments impacting the full year results (all of which were disclosed in the half year results) are:

(i) Property-related services

Under previously adopted policies, the Group attributed all consideration received from third parties in connection with combined lease and property consultancy transactions (where the Company provides consultancy services and advice to companies with whom they also enter into long-term lease commitments) to property consultancy services.

Since 2016, such consultancy services were provided as part of the Group's expansion of its warehouse footprint and capacity as it focused on developing a full-service logistics business aligned to the needs of its road transport and e-commerce focused customers. In recent years (excluding the 2019 financial year) a material proportion of the Group's profits were derived from opportunities afforded by this expansion, with the Company acting as anchor tenant for completed developments and receiving income from property consultancy services relating to development activities (including consultancy advice on process, planning, facilitation and debt structuring). The Board considered these activities to be integral to the Group's logistics activities and accounted for them as such.

Having reconsidered the relevant accounting guidance, the Group has determined that a more appropriate way to account for these combined lease and consultancy services transactions is to treat all the consideration as a lease incentive and allocate no revenue to consultancy services. The amount received in relation to these activities is then recognised over the life of the relevant lease. This also means that in future years, recognised lease costs are lower than would have been the case under the previously adopted policies.

This accounting treatment negatively impacted expected returns in FY19 by £18.1m and approximately £17m and £33m derived from such activities for the 2017 and 2018 financial year respectively and approximately £13m prior to financial year 2017 has been reversed and restated, and the amounts received related to these activities recognised over the life of the relevant leases. This resulted in a reduction in previously reported EBIT in those years and a net adjustment to the Group's net assets at 30 November 2018 of £60.6m, exclusive of any estimated tax reduction of £11.5m reflecting the benefit of the amortisation of lease incentives on unexpired leases entered into in the past.

(ii) Speedy Freight consolidation

Following the acquisition in 2017 of 50 per cent² of the shares of Puro Ventures Limited, which trades as Speedy Freight, it was determined that the Group exercised control over the business based on a number of factors including the on-going contractual arrangements with the other shareholders, which included put and call options. Consequently, the results of Speedy Freight were fully consolidated in the audited financial statements of the Group in FY17 and FY18.

This judgement has been reconsidered and it has been determined that a more appropriate treatment is to account for Puro Ventures Limited as an associate and therefore not to consolidate its results, in line with the requirements of the accounting standards. This has had a negative impact on the underlying operating EBIT for FY19 of £1.0m and for FY18 of £1.0m. The Company's consolidated results for FY18 are restated to reflect this.

(iii) Other accounting adjustments

A number of other accounting adjustments relating to provisions in connection with underperforming contracts, lease accounting, dilapidations and cost accruals and implementation of new accounting standards have adversely impacted earnings for HY19. Restatements of results for FY18, and prior years is required to reflect the items noted above and other historical items. Please see note 30 for further information.

² (Following the acquisition the Group's shareholding had been reduced to 47.5 per cent due to a share issue and re-classification but the Group retained 50 per cent of the voting rights).

Net debt

	2019 £m	Restated 2018 £m
Finance leases	17.7	9.7
Bank loans	128.2	126.3
Invoice discounting facility	78.0	37.8
Overdraft / (cash)	(9.4)	(14.2)
Net Debt	214.5	159.6

During the year under review, the net debt increase of £54.9m (2018: £50.1m) was driven by cash outflows on purchases of property, plant equipment and intangibles (net of sale proceeds) of £16.3m (2018: £13.9m), exceptional costs of £12.3m (2018: £8.5m), interest payments of £8.8m (2018: £7.1m), tax payments of £8.1m (£3.4m), dividend payments of £18.1m (2018: £21.6m) and new finance leases of £11.9m (2018: £nil). Cash outflow generated from operating activities was £0.2m (2018: £4.7m) and property related activity inflow was £21.3m (2018 £19.8m).

Post year end the DBAY transaction injected £50m¹ of cash by way of loan notes and an increase of £20m in available facilities was agreed to fund working capital in the Eddie Stobart businesses. The new leadership team of the Eddie Stobart business have informed the Company that they remain confident that these businesses are sufficiently funded.

The bank loans, finance leases and other external funding remained with the Eddie Stobart business as part of the DBAY transaction.

Financing costs

Net finance expense increased in the year from £6.1m to £9.5m. This reflects the increased borrowings of the Group and the movement in the market value of the swap liability, see note 20.

There were £1.7m of exceptional finance costs in the year relating to the acceleration of the amortisation of bank fees on the legacy banking facilities prior to the transaction with DBAY which took place in December 2019. In 2018 we incurred £0.5m in repaying the pre-existing TPN financing facility at the time of the acquisition.

Further details are included in note 8.

Exceptional items

	2019	Restated 2018
	£m	£m
Deferred consideration associated with acquisitions	4.3	2.8
Fees associated with acquisitions	-	1.9
Impairment charge	169.2	-
Property asset impairment and onerous lease provision	6.4	-
Software impairment and associated exit costs	7.4	-
Costs incurred relating to DBAY disposal	9.2	-
Specialist vehicle onerous lease provision	3.1	-
Restructuring costs	0.6	0.4
Total Exceptional Costs with Administrative expenses	200.2	5.1

The total exceptional costs within administrative expenses for the year were £200.2m (2018 restated: £5.1m), largely driven by an impairment charge of £169.2m that was included in the interim results published in February 2020. The Group was required to undertake an analysis of impairment of its goodwill and assets due to impairment indicators present during the review of its interim results. Impairment testing was undertaken on the Group's balance sheet at 31 May 2019 which involved applying revised discount factors and taking into account appropriate sensitivities on the forecasted profitability of the group. As a result a total impairment of £169.2m was recognised across General Transport (£150.0m) and iForce (£19.2m) Cash Generating Units (CGUs). Further analysis of impairment at the year-end did not give rise to an adjustment to the impairment charge recognised in the first half. See note 13 for full analysis.

¹£50m net of £5m retained in Marcelos Limited relating to transaction costs

Of these costs, £174.4m were included in the interim results published in February 2020. Further exceptional costs were recognised in the second half of the year totalling £25.8m:

- (i) The Group incurred £9.2m of costs in relation to exploring strategic options and the identification and successful conclusion of the transaction with DBAY that was approved by shareholders in December 2019, resulting in a new ownership structure under which the Company holds a 49% interest in the Eddie Stobart business as referred to above.
- (ii) The Group recognised specific impairment and other charges of £7.4m in relation to the impairment of assets under construction for a specific software development project and related exit costs; due to the uncertainty and changes to the business these have been put on hold. The financial benefits of the project will need to be reviewed after the pandemic and therefore the project does not currently meet the recognition criteria for an intangible asset.
- (iii) The Group recognised £6.4m of impairment and onerous lease charges against warehouse properties where either the properties were being held for disposal or that the carrying value of assets was below the likely realisable value.
- (iv) The Group also provided for deferred consideration on past acquisitions of £4.3m during the year (2018: £1.8m) relating to the acquisition of TPN.
- (v) The Group also recognised £3.1m relating to an onerous lease on assets following the exit from an underperforming contract and onerous lease costs incurred on specialist vehicles following the exit of that contract. These exceptional costs were recognised in the interim results published in February 2020.

Further details of exceptional costs are included in note 5.

Tax

	2019	Restated 2018
	£m	£m
Loss before tax	(238.9)	(22.3)
Underlying tax at prevailing tax rate	(45.4)	(4.2)
Non-deductible items	33.3	2.8
Adjustments in respect of prior periods	(0.2)	(0.6)
Other	4.6	1.3
Tax as reported	(7.7)	(0.7)
Effective rate of tax	3.2%	3.1%

The effective tax rate at 3.2% is in line with the prior year. The non-deductible items have increased as a result of the large

impairment in the period and also include, deferred consideration, amortisation of the brand and costs relating to employee and management incentive plans.

Dividends

The Company did not pay an interim dividend (2018: £5.8m) and no final dividend is being recommended (2018: £18.1m)

Earnings per share

Underlying basic and diluted earnings per share are both (3.1) pence (2018 restated: 1.0 pence). Statutory basic and diluted earnings per share are both (61.0) pence (2018 restated: 5.9 pence).

Acquisitions

These amounts represent deferred payments linked to conditions agreed at the time of the relevant acquisitions and are accounted for within exceptional items.

Fees associated with acquisitions were £nil (2018: £1.9m).

DBAY transaction

In November 2019, the Directors concluded that as a result of the impact of challenges faced by the Company as disclosed in public announcements from August onwards, the Group was facing increasing difficulty in being able to continue to trade without a significant injection of new liquidity and could become in breach of financial covenants under its facility agreements. Having considered other strategic options, the Directors recommended the transaction with DBAY that was overwhelmingly approved by shareholders in December 2019. This transaction, which was completed in early December, involved a £50m¹ cash injection by way of loan notes, an increase of £20m in revolving credit facilities and the Company's interest in the Eddie Stobart business was reduced to a 49 per cent minority holding. The financial results set out in this report are therefore to some extent historical; going forward the Company will not consolidate the results of the Eddie Stobart business but will account for its interest in the Eddie Stobart business as an associate.

Annual general meeting and accounts

The Company's annual results for the 2019 financial year are being published later than in previous years due to the impact on the audit process of changes in working practices as a result of the COVID-19 pandemic. An extension to the deadline for publication of the accounts has been obtained in line with regulatory guidance. The Company held its annual general meeting on 30 May 2020 in order to comply with its obligations under the Companies Act but due to the legal restrictions on public gatherings at the time, shareholders were unable to attend.

¹£50m net of £5m retained in Marcelos Limited relating to transaction costs

Consolidated Income Statement

for the year ended 30 November 2019

	Note	Year ended 30 November 2019 £'000	Restated year ended 30 November 2018 £'000
Continuing operations			
Revenue	3	857,526	781,462
Cost of sales		(712,263)	(642,975)
Gross profit		145,263	138,487
Administrative expenses: before amortisation of acquired intangibles and exceptional items		(158,340)	(131,338)
Movement in credit gain/(loss) on contractual assets	16	692	(2,978)
Amortisation of intangibles	6, 13	(15,442)	(13,158)
Administrative expenses: before exceptional items		(173,090)	(147,474)
Administrative expenses: exceptional items	5	(200,171)	(5,112)
Total administrative expenses		(373,261)	(152,586)
Loss from operating activities		(227,998)	(14,099)

Loss from operating activities: before exceptional items	4	(27,827)	(8,987)
Finance income	8	9	12
Finance expenses: before exceptional items	8	(9,519)	(6,101)
Finance expenses: exceptional items	5	(1,679)	(489)
Total finance expense		(11,198)	(6,590)
Net finance expense		(11,189)	(6,578)
Share of profit from equity accounted investees, net of tax	14	1,022	1,339
Equity accounted investees: exceptional items	5	(772)	(2,917)
Loss before tax	6	(238,937)	(22,255)
Income tax credit	9	7,715	714
Loss for the year from continuing operations		(231,222)	(21,541)
Earnings per share			
Basic – total operations	11	(61.0p)	(5.9p)
Diluted – total operations	11	(61.0p)	(5.9p)

The accompanying notes form part of the financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 30 November 2019

	Note	Year ended 30 November 2019 £'000	Restated year ended 30 November 2018 £'000
Loss for the year		(231,222)	(21,541)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		(256)	655
Foreign currency translation differences - equity accounted investees	14	(68)	(89)
Total Other Comprehensive income/(loss) for the year		(324)	566
Total comprehensive loss for the year		(231,546)	(20,975)

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 November 2019

Share capital	Share premium	Merger reserve	Translation reserve	Share options reserve	Own shares	Retained earnings	Total equity
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	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 November 2017	3,579	117,257	7,950	(487)	1,079	(2,700)	85,710	212,388
Prior year adjustments	-	-	-	-	-	-	(49,803)	(49,803)
Restated balance at 30 November 2017	3,579	117,257	7,950	(487)	1,079	(2,700)	35,907	162,585
Restated loss for year ended 30 November 2018 (1)	-	-	-	-	-	-	(21,541)	(21,541)
Total other comprehensive income	-	-	-	566	-	-	-	566
Issue of capital (net of costs) (note 23)	214	28,745	-	-	-	-	-	28,959
Share based payment charges	-	-	-	-	1,679	-	-	1,679
Dividends paid	-	-	-	-	-	-	(21,572)	(21,572)
Restated balance at 30 November 2018	3,793	146,002	7,950	79	2,758	(2,700)	(7,206)	150,676
Loss for year ended 30 November 2019	-	-	-	-	-	-	(231,222)	(231,222)
Total other comprehensive loss	-	-	-	(324)	-	-	-	(324)
Share based payment charges	-	-	-	-	1,460	-	-	1,460
Dividends paid	-	-	-	-	-	-	(18,057)	(18,057)
Balance at 30 November 2019	3,793	146,002	7,950	(245)	4,218	(2,700)	(256,485)	(97,467)

(1) The above table has been restated for prior year adjustments in the comparative period as follows:

	Reported 30 November 2018 £'000	Total prior year adjustments £'000	Restated 30 November 2018 £'000
Profit for year ended 30 November 2018	16,245	(37,786)	(21,541)
Foreign currency movement	(2,507)	2,507	-
Balance at 30 November 2018	13,738	(35,279)	(21,541)

Consolidated Statement of Financial Position as at 30 November 2019

	Note	30 November 2019 £'000	Restated 30 November 2018 £'000	Restated 30 November 2017 £'000
Assets				
Non-current assets				
Property, plant and equipment	12	62,676	65,907	60,371
Goodwill	13	25,420	172,584	155,207
Intangible assets	13	88,482	117,713	90,235
Investments in equity accounted investees	14	7,436	8,079	8,564
Deferred tax asset	22	13,761	3,142	12,270
		197,775	367,425	326,647
Current assets				
Inventories	15	2,416	3,126	2,396
Trade and other receivables	16	174,697	194,806	141,128
Current tax recoverable		11,078	2,569	(2,770)
Cash and cash equivalents	17	9,345	14,203	11,777
		197,536	214,704	152,531
Total assets		395,311	582,129	479,178
Liabilities				
Current liabilities				
Loans and borrowings	20	(83,653)	(44,817)	(7,096)

Trade and other payables	18	(153,976)	(160,839)	(127,674)
Provisions	21	(12,818)	(8,748)	(8,870)
		(250,447)	(214,404)	(143,640)
Non-current liabilities				
Loans and borrowings	20	(140,211)	(128,989)	(113,666)
Trade and other payables	19	(73,849)	(68,612)	(35,318)
Deferred tax liabilities	22	(14,342)	(11,006)	(16,421)
Provisions	21	(13,929)	(8,442)	(7,548)
		(242,331)	(217,049)	(172,953)
Total liabilities		(492,778)	(431,453)	(316,593)
Net (liabilities)/assets		(97,467)	150,676	162,585
Equity				
Share capital	23	3,793	3,793	3,579
Share premium	23	146,002	146,002	117,257
Merger reserve	23	7,950	7,950	7,950
Translation reserve	23	(245)	79	(487)
Own shares	23	(2,700)	(2,700)	(2,700)
Share option reserve	23	4,218	2,758	1,079
Retained earnings	23	(256,485)	(7,206)	35,907
Total equity		(97,467)	150,676	162,585

The accompanying notes form part of the financial statements, signed on its behalf by:

Christopher Casey
Director
Company Number: 8922456

Consolidated Cash Flow Statement for the year ended 30 November 2019

	Note	Year ended 30 November 2019 £'000	Restated year ended 30 November 2018 £'000
Cash flows from operating activities			
Loss for the year from continuing operations		(231,222)	(21,541)
Adjustments for:			
Tax credit	9	(7,715)	(714)
Share of profit of equity-accounted investees, net of tax	14	(1,022)	(1,339)
Net finance costs	8	11,189	6,578
Exceptional items (excluding finance expenses)	5	200,943	8,029
Amortisation of intangible assets	6,13	15,442	13,158
Depreciation	6,12	9,946	7,743
Tangible and intangible fixed asset write offs		-	875
Loss/(gain) on sale of property, plant and equipment		1,846	(2,779)
Equity settled share-based payment expenses		1,460	2,004
Foreign exchange		(355)	695
Changes in:			
Inventories		710	(730)
Trade and other receivables		(1,128)	(72,542)
Trade and other payables		(277)	55,429
Provisions and employee benefits		-	464
Cash outflow from operating activities	4	(183)	(4,670)

Cash outflow from exceptional items	4	(12,292)	(8,499)
Net interest paid		(8,780)	(7,120)
Property related activity inflow - treated as lease incentives		21,340	19,790
Income taxes paid		(8,114)	(3,400)
Net cash outflow from operating activities		(8,029)	(3,899)
Cash flows from investing activities			
Proceeds from sales of property, plant and equipment		3,412	3,570
Acquisition of subsidiaries, net of cash acquired		-	(22,127)
Acquisition of associates		-	(1,967)
Purchase of property, plant and equipment		(16,788)	(14,155)
Purchase of intangibles		(2,890)	(3,313)
Interest received		-	15
Dividends received from equity accounted investees	14	1,597	1,735
Net cash used in investing activities		(14,669)	(36,242)
Cash flows from financing activities			
Proceeds from issue of share capital (net of costs)		-	28,960
(Repayment) / drawdown of invoice discounting facility		40,159	38,510
Draw down of new borrowings (net of costs)		(300)	23,355
Repayment of financing facility (net of costs)		-	(21,530)
Payment of capital element of finance lease liabilities		(3,877)	(5,077)
Prior year and interim dividends paid during the year	10	(18,057)	(21,572)
Net cash generated from financing activities		17,925	42,646
Net (decrease)/increase in cash and cash equivalents		(4,773)	2,505
Cash and cash equivalents at the start of the financial year		14,203	11,777
Effect of exchange rate fluctuations on cash held		(85)	(79)
Cash and cash equivalents at the end of the financial year		9,345	14,203

Notes to the Consolidated Financial Statements for the year ended 30 November 2019

1. Principal Accounting Policies

The figures for the year ended 30 November 2019 have been extracted from the 30 November 2019 audited statutory financial statements that have yet to be delivered to the Registrar of Companies. The financial information attached has been prepared in accordance with the recognition and measurement requirements of international financial reporting standards (IFRS) as adopted by the EU and international financial reporting interpretations committee (IFRIC) interpretations issued and effective at the time of preparing those financial statements. The accounting policies applied in the year ended 30 November 2019 are consistent with those applied in the financial statements for the year ended 30 November 2018 unless otherwise stated.

The financial information for the years ended 30 November 2019 and 30 November 2018 does not constitute statutory financial information as defined in Section 434 of the Companies Act 2006 and does not contain all of the information required to be disclosed in a full set of IFRS financial statements. This announcement was approved by the Board of Directors and authorised for issue on 30 June 2020. The auditor's report on the financial statements for 30 November 2018 was unqualified and did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain a statement under either Section 498 (2) or 498 (3) of the Companies Act 2006. The financial statements for the year ended 30 November 2018 have been delivered to the Registrar.

Eddie Stobart Logistics plc (the Company) is a company limited by share capital, incorporated and domiciled in the United Kingdom. The address of the Company's registered office is Stretton Green Distribution Park, Langford Way, Appleton, Warrington, Cheshire, England, WA4 4TQ. The Company's shares are publicly traded on the AIM market of the London Stock Exchange. The Consolidated Financial Statements of the Company as at and for the year ended 30 November 2019 and the restated comparative year ended 30 November 2018 comprise the financial statements of the Company and its subsidiaries (referred to as the 'Group') and the Group's interest in associates and jointly controlled entities. The Group and its subsidiaries provide value added logistics, distribution and warehousing services for its clients across a wide range of service sectors and industries.

Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting

Standards (IFRS) and the IFRS Interpretation Committee ('IFRS IC') interpretations endorsed by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation

The Group and Company accounting policies set out below have been applied consistently to all years in these Consolidated Financial Statements, with the exception of the new accounting standards applied for the first time in the period, as set out in note 30. Accounting policies have been applied consistently by Group entities unless otherwise stated.

Going concern

On 9 December 2019 DouglasBay Capital III Fund LP, a fund managed by DBAY Advisors Limited ("DBAY"), has, through Marcelos Limited, acquired a 51% stake in Greenwhitestar Acquisitions Limited ("Greenwhitestar"), which until immediately prior to completion of the transaction was a wholly-owned subsidiary of the Company and in turn held the Company's interests in the trading entities of the Group. DBAY has injected approximately £50m² of new financing into Greenwhitestar and the trading entities of the Group by way of a payment-in-kind facility (the "PIK Facility").

The completion of the transaction included the extension of the existing banking facilities and an additional invoice discounting facility as follows:

- The ongoing provision of the £124m term loan which has been extended to November 2024 and subject to repayment of £35m in stages by August 2021;
- The ongoing provision of the £100m invoice discount facility until 22 November 2024; and
- The provision of an incremental £20m revolving credit facility which has been made available at the same time as the £50m³ PIK note was issued, which is due for repayment on 9 December 2025.

The Directors have considered going concern on the basis of the post transaction structure. The Company indirectly holds a 49% interest in Greenwhitestar Acquisitions Limited (GWSA) and generates no trading income in its own right. The Company is reliant on

loan funding that Marcelos Limited has agreed to provide to enable the Company to settle its expenses and liabilities as they fall due. The Directors have seen evidence that Marcelos Limited has sufficient funding to meet this obligation. The Directors believe that the funding available is sufficient to enable the Company to meet its obligations as they fall due for at least 12 months from the date of the approval of these financial statements.

Having considered all the above, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

³£50m net of £5m retained in Marcelos Limited relating to transaction costs.

Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except derivative financial instruments which are measured at fair value.

The Directors have considered the fair values of all debtors and creditors and have determined that their fair values equate to their carrying values.

Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 30 November 2019. Control is identified when the Group has rights to variable returns from its involvement with the investee and has the ability to affect those returns from its power over the investee. The Group controls an investee where:

- Power over the investee exists (the ability to direct the relevant activities of the investee).
- Exposure or rights to variable returns via its involvement with the investee exists.
- The Group has the ability to use its power over the investee to affect those returns.

There is a general presumption that majority voting rights results in control, however where the Group has less than a majority of voting rights, or similar rights, the Group considers all relevant fact and circumstances in assessing whether it has control over an investee including:

- Contractual arrangements with the other vote holders of the investee
- Rights arising from the other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassess whether or not it controls the investee if facts and circumstances indicate that there are changes to elements of control. Consolidation arises when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income, expenses and cash flows of a subsidiary which has been acquired or disposed of during the year are included in the Consolidated Financial Statements from

the date the Group gains control and until the date the Group ceased control of the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Financial Statements of subsidiaries used in the preparation of the Consolidated Financial Statements are prepared for the same reporting year as the Parent Company, except for the iForce Group, which operates a 53 week reporting period ending 1 December 2019. A change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Any investment retained is recognised at fair value.

(i) Business combinations - business combinations are accounted for using the acquisition method as at the acquisition date (when control is transferred to the Group). The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Non-controlling interests - for each business combination, the Group measures any non-controlling interest in the acquiree at its proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

(iii) Subsidiaries - subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases

(iv) Loss of control of a subsidiary - on a loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the Statement of Comprehensive Income.

(v) Investments in associates and jointly controlled entities (equity-accounted investees) - associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Investments in associates and jointly controlled entities are accounted for under the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The Consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation - intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Directors, collectively the Group's chief operating decision maker, to assess performance and allocate capital or resources.

During the period, the Group provided contract logistics services in the UK and Europe. In the year to 30 November 2019 the Group managed its operations via distinct functions as well as via a sector-based view. General Transport

represents road transport and associated contract logistics and warehouse services in the UK and Ireland, Ports and Special Operations (consisting of work relating to the FIA Formula 1 World Championship™ and Truckstops). iForce group and The Pallet Network group are considered to be single segments. EU Transport represents transport and vehicle transportation in Europe. Other represents head office costs, interest costs and central costs such as HR, IT, Finance, Payroll and other departments which are not directly allocated to business units, as well as driver related services including The Logistic People.

Foreign currency

(i) Foreign currency transactions - transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

(ii) Foreign operations - the assets and liabilities of foreign operations, are translated at exchange rates at the reporting date. Goodwill and fair value adjustments arising on acquisition are translated at the historic rate. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

Financial instruments (continued)

(i) Non-derivative financial assets - loans and receivables, including financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(ii) Non-derivative financial liabilities - financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities comprise loans and borrowings, debt securities issued, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

(iii) Share capital - ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(iv) Derivative financial instruments - the Group uses interest rate swap derivative financial instruments to hedge its risks associated with interest rate fluctuations. All derivative financial instruments are initially recognised and subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the consolidated income statement.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use including any directly attributable capitalised borrowing costs and an estimate of any future costs of dismantling and removing the items and restoring the site on which they are located.

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line

basis over their estimated useful lives.

Depreciation is generally recognised within administrative expenses in profit or loss, unless the amount is included in the carrying amount of another asset. Assets held under finance lease are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for significant items of property, plant and equipment are as follows:

- Land and buildings: 20 to 100 years straight line, or period of lease if shorter
- Plant and machinery: 3-7 years straight line and between 15%-20% reducing balance as appropriate
- Fixtures fittings and equipment: 3-7 years straight line and between 15%-33% reducing balance as appropriate
- Commercial vehicles: 3-10 years straight line and 25% reducing balance as appropriate

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

Assets under construction

Assets under construction at operating depots are capitalised as assets-under-construction. The cost of assets-under-construction comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Assets-under-construction are not depreciated. Once the asset is complete and available for use, depreciation is commenced.

Intangible assets and goodwill

These comprise software development and implementation costs (internally generated intangible assets), trademarks and brands and are stated at cost less accumulated amortisation and impairment (see below). Costs incurred in developing the Group's own brands are expensed as incurred and are included within admin expenses.

Separately acquired brands and customer lists are shown at historical cost. Software, brands and customer lists acquired in a business combination are recognised at fair value at the acquisition date.

These assets are deemed to have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives.

Goodwill that arises on the acquisition of subsidiaries is presented within intangible assets. The measurement of goodwill at initial recognition is explained in the basis of consolidation policy set out above. Subsequently, goodwill is measured at cost less accumulated impairment losses.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Intangible assets-under-construction comprises of purchase price and development costs in bringing an asset to a useable or sellable condition.

Computer software development costs recognised as assets are amortised over the estimated useful lives.

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset.

These are as follows:

- Software development and licences; 3 years.
- Rights to trademarks, brand names and customer relationship lists; 6 to 15 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

(i) Non-derivative financial assets - a financial asset not classified as fair value through profit or loss, is subject to the expected credit loss model for impairment as required by IFRS 9. The Group applies this model to its trade receivables and accrued income, using the simplified approach as permitted by IFRS 9. The determination of expected credit losses requires judgment and the Group has developed a methodology for estimating the probability of default using historic information and also considering the impact of any relevant forward-looking information

(ii) Non-financial assets - the carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment or earlier if there are impairment indicators present. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

All of the Group's financial assets are held at amortised cost with the exception of derivatives, which are held at fair value through profit and loss.

Trade receivables

Trade and other receivables are stated at their fair value on initial recognition and subsequently at amortised cost, i.e. fair value less any expected credit losses.

The Group applies the simplified approach permitted by IFRS 9 to trade receivables, which requires the use of the lifetime expected loss provision for all receivables, including contract assets (accrued income). The provision calculations are based on historic credit losses and relevant forward-looking data. This approach is followed for all receivables unless there are specific circumstances, such as the bankruptcy of a customer or emerging market risks, which would render the receivable irrecoverable and therefore require a specific provision.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers that the 'held to collect' business model remains appropriate for these receivables, and hence it continues measuring them at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. No expected credit loss provision is held against cash and cash equivalents as the expected credit loss is negligible.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Employee benefits

(i) Short-term employee benefits - short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans - a defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value is measured by an independent third party to review and calculate fair values using the Log-normal Monte-Carlo stochastic model and Black Scholes Option pricing model. The fair values of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

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

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company either issues new shares, or uses own shares purchased for this purpose. For issued new shares, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash settled transaction.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Consolidated Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Trade payables

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined based on the expected future cash flows. When it has a material effect, these are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of any discount is recognised as a finance cost. The policies used to determine specific provisions are:

(i) Dilapidations - provisions are established over the life of leases to cover remedial work necessary at termination under the terms of those leases. Guidance for the total cost is made with reference to independent third party quantity surveyors reports and spread over the terms of the lease.

(ii) Motor Insurance – a provision is recognised based on the expected costs of claims related to motor accidents that are not covered by insurance premiums. The expected costs of claims is based on the advice of the Group's external insurance advisers.

(ii) Onerous contracts - a provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(iii) Employee claims - a provision for employee claims is recognised on an individual basis based on the advice of the Group's external advisers.

Revenue

The Group has applied IFRS 15 Revenue from Contracts with Customers and has adopted the fully retrospective method with restatement of comparatives.

The Group's contracts are for the provision of transport and warehousing services and the Group recognises revenue from contracts as the performance obligations under these contracts are satisfied. Revenue is recognised over time as the customer will simultaneously receive and consume the services provided or control is passed to the customer for goods provided. The Group does not adjust its transaction price for the time value of money as it does not expect to have any contracts which include a significant financing arrangement. Where revenue is recognised in advance of amounts being invoiced this is included as accrued income. Where amounts are billed in advance of revenue being recognised this is included as deferred income.

Customer contracts are disaggregated into their component performance obligations. Further detail is given in the table below:

Area	Explanation	Operating segment	Revenue recognition
Open book revenue	Open book contracts will typically cover costs plus an agreed fixed or variable management fee.	General Transport EU	Revenue relating to costs to serve the customer are invoiced in line with the customer receiving and consuming benefits under the contract, and is recognised in the period in which it is earned. Performance obligations are measured against minimum service level agreements.
Closed book revenue	Revenue for closed book contracts is recognised based on a pre-agreed rate-card per unit/ delivery	General Transport EU iForce TPN	Revenue based on a pre-agreed rate-card is recognised as services are provided, in line with the customer receiving and consuming benefits under the contract.
Membership fees	Membership fees (fixed)	TPN	Membership fees are recognised over the term of the contract.
Performance-related revenue	Revenue linked to performance measures, such as Key Performance Indicators (KPIs) and gain-share mechanisms.	General Transport	Variable revenue is recognised to the extent the performance obligation has been satisfied and it is highly probable a significant revenue reversal will not occur.
Carrier management	Licensing of carrier management	iForce	Revenue related to licensing of carrier management software and provision of services is recognised over the term of the contract.

	software and provision of carrier management services		
Sale of goods	Sale of goods to final consumers	General Transport	Revenue on sale of goods is recognised at the point in time the customer receives control of the goods.

Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in the profit or loss as other income on a systematic basis in the periods in which the expenses are recognised.

Leases

(i) Leased assets - assets held by the Group under leases which transfer substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Group's Consolidated Statement of Financial Position.

(ii) Lease payments - payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Where leases contain escalation clauses that stipulate specific increases to the rental payable, the operating lease expense is recorded on a straight-line basis. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Exceptional items

Items that are material in size or nature are presented as exceptional items in the income statement. The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Group's underlying business performance. Events which may give rise to the classification of items as exceptional include restructuring of business units and the associated legal and employee costs, costs associated with business acquisitions, and other significant gains or losses.

In the current year items related to the impairment charge, costs associated with the sale transaction, deferred consideration, onerous lease and associated exit and asset impairment costs, intangible asset impairment and associated contract exit costs, restructuring costs and the impairment of unamortised bank fees have been treated as exceptional costs (see note 5).

Alternative performance measures (APMs)

Underlying results are used in the day-to-day management of the Group. They represent statutory measures adjusted for items which in the Directors view could influence the understanding of performance and comparability year on year. Note 4 provides a reconciliation between APMs and statutory IFRS measures.

Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax - is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax - is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

New standards and interpretations

The Group have implemented IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers, both effective for the first time for the financial year beginning on 1 December 2018. See note 30 for full details of the implementation and its effects. The Group have applied the fully retrospective method and therefore the comparative periods have been restated.

At the date of approval of these Consolidated Financial Statements, the following standards and interpretations, relevant to the Group, which have not been applied to these financial statements, were in issue, but not yet effective:

Title	Key Issues	Effective Date	Impact on Eddie Stobart Logistics plc
IFRS 16 Leases	IFRS 16 was issued by the IASB in January 2016 and is effective for the Group for the year ended 30 November 2020. IFRS 16 eliminates the classification of leases as operating leases or finance leases and sets out a single lease accounting model.	Periods beginning on or after 1 January 2019, subsequent to EU endorsement.	The transition will be recognised by the Group on 1 December 2019 however as Eddie Stobart Logistics plc disposed of its controlling share in the Group on 9 December 2019 there is not expected to be a significant impact on either the balance sheet, income statement or profit on disposal for the year ended 30 November 2020 as for the majority of the year the results of the Eddie Stobart business will be equity accounted and presented after interest and tax.

No other standards which are in issue but not yet effective are expected to have a material impact on the Group.

2. Summary of Significant Accounting Judgements and Fair Value estimates

Significant accounting judgements

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

In the process of applying the Groups accounting policies, which are described above, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below) and have been identified as being particularly complex or involve subjective assessments.

- (i) Impact of DBAY transaction – the directors have considered whether the sale of the controlling share of the Eddie Stobart business to DBAY on 9 December 2019 should result in the balance sheet and results of the trading subsidiaries being presented as discontinued operations in line with IFRS 5. For the disposal group to be classified as held for sale and presented as discontinued operations the sale must be highly probable. The sale of the Eddie Stobart business was dependent upon the shareholder vote which occurred on 6 December 2019 and given there was limited evidence of shareholder voting intention as at 30 November 2019 the sale could not be deemed highly probable and therefore the transaction does not meet the IFRS 5 recognition criteria at 30 November 2019.

- (ii) Determination of Alternative Performance Measures (note 4) - alternative performance measures, such as underlying results, are used in the day-to-day management of the Group, and represent statutory measures adjusted for items which, in the Directors' view, could influence the understanding of comparability and performance of the Group year on year. These items include amortisation of acquired intangibles, share of profit from equity accounted investees, employee share scheme costs which were fully funded by the previous parent holding Group, exceptional costs, and in the prior year, start-up costs associated with contract wins and the profit impact of severe weather conditions.
- (iii) Assessment of Agent versus Principal in considering whether to recognise revenue gross or net – judgement is required when determining whether an entity is acting as an agent or principal based on an evaluation of the risks and responsibilities taken by the entity. In the case of The Pallet Network Limited, the operating model has a number of mixed indicators. It is the view of management that the key determining factors such as the responsibility for the delivery of services and the provision of insurance, lead to the conclusion that the business acts as a Principal and therefore the revenue should be recognised gross for this entity.
- (iv) Assessment of control – for non-wholly owned acquisitions judgement is required in evaluating the facts and circumstances in order to assess and determine whether and when the Group has control. In making this determination, Directors look closely at whether the Group has the ability to influence the returns generated by the investee through being able to direct its activity, whether the investee is exposed to variable rates of return and shareholder voting patterns.

Key sources of estimation in applying the Group's accounting policies

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Eddie Stobart business within the next financial year have been noted below. The Eddie Stobart business will be equity accounted for from 9 December 2019.

(i) Impairment - the Group is required to perform an annual impairment test on the carrying value of each of its CGU's assets, or if there are indicators of impairment present by reference to its recoverable amount, being the higher of value in use or its fair value, less costs of disposal. This requires an estimate of future business performance, cash flows and discount rates all of which rely on estimates and judgements of future events and may therefore be subject to change. The future business performance is sensitive to forecasted revenue, staff and overhead costs as well as assumptions made in improved efficiency and profitability. Whilst the Group is able to manage the majority of costs the revenue projections are inherently short term in nature and can be affected by factors outside of the business's control in the medium to long term such as market conditions and consumer trends. At 31 May 2019 a total impairment of £169.2m was recognised by referencing to the value in use of each CGU compared to the carrying value of assets. Reasonably possible sensitivities were applied to these forecasts such as a reduction in forecasted revenue and delays to any efficiency improvements included within the forecasts which by their nature are subjective and may have a material impact on the impairment recognised. At the 30 November 2019 a further impairment test has been performed on a fair value less cost to sell basis with reference to the DBAY transaction that completed the 9 December 2019. No further impairment has been recognised.

(ii) Dilapidations – the Group has a significant warehouse portfolio. In assessing the potential liability at the end of each lease the Group commissioned a third party qualified surveyor report and sought advice from other property specialists who have extensive industry and portfolio knowledge. Such an estimate is in its nature subjective due to the variations between the different sites, the future use of the building and overall level of dilapidations required at the end of the lease which could have a material impact on the provision. The provision held as at 30 November 2019 is £14.4m. In estimating this provision, management has made the judgment that certain sites will be subject to redevelopment by the landlord, which reduces the dilapidation obligation. In addition, management have made judgments around how potential lease extensions may impact dilapidation obligations. Four sites are impacted by these particular judgments and, if the outcome is different to the judgment made, this could (decrease)/increase the provision by c£(1.6)m/£7.3m. It is also possible that the dilapidation liabilities may be settled, in negotiation, for less than the amount provided. Management will continue to assess its estimate in line with experience.

(iii) Onerous leases – the Group has identified an onerous lease relating to a number of specialist vehicles as at 30 November 2019. This has resulted in an onerous lease provision of £1.5m and impairment of assets of £0.4m, based on the remaining term of the lease as there is no contractual break clause, unless, an early termination date is known and confirmed. This involves an estimate of the residual values of the assets on lease and any sale gain/loss that could occur upon disposal of the assets prior to the end of the lease term. Unless an early termination date is confirmed it is assumed that all leases will run to the end of the term, the earliest of which is July 2022, the latest November 2025. The Group has also identified an onerous lease provision in relation to property leases. On review of its leases the Group has identified a number of leases that are surplus to operational requirements and are therefore onerous as at 30 November 2019 and a provision of £1.4m and an impairment of assets of £5.0m has been recognised. This involves an estimate of the expected running costs of the buildings and also an expected lease exit date based on the Groups

intention to surrender the leases as well as an estimated recoverable value of assets within these properties. There could be a material release of the provision or impairment based on the timing of any sale/ surrender of assets/leases or the recoverable value.

3. Operating Segments

During the period, the Group provided contract logistics services in the UK and Europe. In the year to 30 November 2019 the Group managed its operations via distinct functions as well as via a sector-based view. General Transport represents road transport and associated contract logistics and warehouse services in the UK and Ireland, Ports and Special Operations (consisting of work relating to the FIA Formula 1 World Championship™ and Truckstops). iForce group⁴ and The Pallet Network group⁵ are considered to be single segments. EU Transport represents transport and vehicle transportation in Europe. Other represents head office costs, interest costs and central costs such as HR, IT, Finance, Payroll and other departments which are not directly allocated to business units, as well as driver related services including The Logistic People.

The Group has reassessed the presentation of its operating segments, based on the way in which the chief operating decision maker both evaluates performance and allocates resources. The chief operating decision maker previously received information that splits the General Transport segments for income statement items only. Assets and liabilities were not split, and could not be reliably split. The operating segment is considered as a single offering to our customers as part of the continued strategy towards delivering a full end to end supply chain capability. Given the inability to split assets and liabilities and the way the business operates in practice it was concluded that General Transport is a more appropriate reflection of the segments. This has resulted in a change in presentation for the financial statements as road transport and contract logistics services (excluding iForce and TPN) are now treated as a single operating segment, General Transport. iForce group and The Pallet Network group are presented separately. Comparative information has been restated accordingly, revenue and cost allocation of the Other Divisions sector has been reassessed since the interim results and the changes are reflected below.

All operations are continuing for each segment.

⁴ The iForce group means iForce Group Limited and its subsidiaries, Buyforce Limited, iForce Holdings Limited, iForce Auctions Limited, iForce Limited and iForce Trading Limited

⁵ The TPN group means The Pallet Network Group Limited and its subsidiaries The Pallet Network Limited and Eezehaul Limited

Analysis of Operating Segments

Segmental	Year ended 30 November 2019	Restated year ended 30 November 2018
	£'000	£'000
Revenues		
General Transport	618,639	602,671
iForce	82,771	78,903
TPN	135,646	58,713
EU Transport	20,470	40,981
Other Divisions	-	194
	857,526	781,462
Underlying EBITDA		
General Transport	(5,465)	10,050
iForce	4,166	5,823
TPN	6,920	3,978
EU Transport	3,393	3,348
Other Divisions	(8,971)	(6,435)
	43	16,764
Underlying EBITDA Margin		
General Transport	(0.9)%	1.7%
iForce	5.0%	7.4%
TPN	5.1%	6.8%
EU Transport	16.6%	8.2%
Other Divisions	n/a	n/a
	0.0%	2.1%

The revenue from one customer amounted to more than 10% of the Group's total revenue. The revenue from that customer was £157.3m for the year ended 30 November 2019 (2018: £174.2m) and this was reported in the General Transport Operating Segment.

For Board reporting purposes the balance sheet is not disaggregated or produced segmentally for the chief operating decision maker, a reconciliation of segment underlying EBITDA to reported profit from operating activities before exceptional items is detailed in note 4.

Within the General Transport operational segment all revenue relates to the transport services other than £124.5m (2018 £112.6m) related to warehousing services.

By Geographical Segment	Year ended 30 November 2019	Restated year ended 30 November 2018
	£'000	£'000
United Kingdom	837,056	740,481
EU	20,470	40,981
	857,526	781,462

The Group also presents and reviews revenues organised by customer sector.

Analysis of Revenue by Sector

Sector	Year ended 30 November 2019	Restated year ended 30 November 2018
	£'000	£'000
Revenues		
Retail	243,365	237,586
Consumer	236,545	179,732
E-Commerce	187,684	169,528
Manufacturing, Industrial & Bulk (MIB)	169,064	189,262
Non sector specific	20,868	5,354
	857,526	781,462

4. Alternative Performance Measures Reconciliations

Alternative performance measures (APMs)

Alternative performance measures (APMs), such as underlying results, are used in the day-to-day management of the Group, and represent statutory measures adjusted for items which, in the Directors' view, could influence the understanding of comparability and performance of the Group year on year. These items include amortisation of acquired intangibles, share of profit from equity accounted investees, employee share scheme costs which were fully funded by the previous parent holding group, exceptional costs, start-up costs associated with contract wins and the profit impact of severe weather conditions.

	Year ended 30 November 2019	Restated year ended 30 November 2018
	£'000	£'000
Reported loss from operating activities before exceptional items	(27,827)	(8,987)
Amortisation of acquired intangibles	15,442	13,158
Share of profit from equity accounted investees	1,022	1,339
Employee share scheme costs funded by previous parent holding group	717	568
Management Incentive Plan and Long-Term Incentive Plan	743	1,111
Force majeure - severe weather	-	445
Start-up costs associated with contract wins	-	1,387
Underlying EBIT⁶	(9,903)	9,021

Depreciation	9,946	7,743
Underlying EBITDA ⁶	43	16,764
Loss after tax attributable to owners of the company	(231,222)	(21,541)
Amortisation of acquired intangibles	15,442	13,158
Employee share scheme costs funded by previous parent holding group	717	568
Management Incentive Plan and Long-Term Incentive Plan	743	1,111
Force majeure - severe weather	-	445
Start-up costs associated with contract wins	-	1,387
Exceptional items	202,622	8,518
Adjusted (loss)/profit after tax (note 11)	(11,698)	3,646
Income tax credit	(7,715)	(714)
Adjusted (loss)/profit before tax (note 11)	(19,413)	2,932
Cash generated from operating activities	(183)	(4,670)
Purchase of property, plant and equipment	(16,788)	(14,155)
Proceeds from sale of property plant and equipment	3,412	3,570
Income taxes paid	(8,114)	(3,400)
Adjusted free cash flow	(21,673)	(18,655)
Cash impact of exceptional items		
Exceptional items (note 5)	(202,622)	(8,518)
Adjusted for:		
Costs incurred related to DBAY disposal	3,257	-
Asset impairment and dilapidations provisions	6,444	-
Software impairment and associated exit costs	6,692	-
Impairment charge	169,206	-
Onerous lease provision	1,877	-
Remuneration related to the acquisition of an associate	772	-
Deferred consideration associated with business acquisitions	-	19
Impairment of bank fees	1,679	-
Other non-cash exceptional items	403	-
Non-cash exceptional items	190,330	19
Cash impact of exceptional items	(12,292)	(8,499)

⁶ Underlying EBIT and Underlying EBITDA are stated before tax but include the after tax share of profit from equity accounted investees.

5. Exceptional Items

	Year ended 30 November 2019	Restated year ended 30 November 2018
	£'000	£'000
Exceptional items included in administrative expenses		
Deferred consideration associated with business acquisitions	(4,331)	(2,767)
Restructuring costs	(550)	(475)
Costs associated with business acquisitions	-	(1,870)
Specialist vehicle onerous lease provision	(3,063)	-
Costs incurred relating to the DBAY disposal	(9,162)	-
Impairment charge	(169,206)	-
Property asset impairment and onerous lease provision	(6,444)	-
Software impairment and associated exit costs	(7,415)	-
Total exceptional items included in administrative expenses	(200,171)	(5,112)
Exit of lending arrangements of The Pallet Network Group	-	(489)
Impairment of bank fees	(1,679)	-
Total exceptional items included in finance expenses	(1,679)	(489)
Remuneration related to the acquisition of an associate	(772)	(2,917)
Total exceptional items included in equity accounted investees	(772)	(2,917)
Total exceptional items before tax	(202,622)	(8,518)

Deferred consideration associated with business acquisitions relates to contingent consideration which is dependent on continued service and is therefore accounted for as remuneration relating to the acquisitions The Logistic People at £nil (2018: £0.8m) and The Pallet Network Group at £4.3m (2018: £2.0m).

Restructuring costs relate to the exit of the previous CEO Alex Laffey who left the business on 23 August 2019 and the cost of his 12 month notice period has been charged to the income statement.

Onerous lease provision of £3.1m has arisen due to an impairment of and onerous lease on specialist assets following the exit from an underperforming contract in the year.

Costs incurred relating to the DBAY disposal represent those costs incurred by the Group from the initial review of options by the Board to the acceptance and conclusion of the DBAY transaction. The £9.2m includes legal, due diligence and other transaction related costs.

The Group recognised an impairment charge of £169.2m across two CGU's (General Transport £150.0m and iForce £19.2m) in the six months to 31 May 2019 following a value in use impairment analysis. No additional impairment has been recognised as at 30 November 2019. See note 13.

Asset impairment and onerous lease costs of £6.4m relates to the assets within three properties where the net book value of assets held at 30 November 2019 is higher than the expected recoverable value at the exit of the property and the property lease is surplus to operational requirements and it is the Groups intention to surrender the lease.

Software impairment and exit costs relates to an ongoing software development project that due to the uncertainty and changes to the business has been put on hold. The financial benefits of the project will need to be reviewed after the pandemic and as a result the project no longer meets the recognition criteria for an intangible asset and therefore an impairment has been recognised for the full asset value along with a provision recognised for the expected costs of exiting the project.

Remuneration related to the acquisition of an associate relates to deferred consideration accounted for as remuneration as it is dependent on continued service relating to the acquisition of 47.5% of the share capital of Puro Ventures trading as Speedy Freight at £0.8m (2018: £2.9m).

Impairment of bank fees relates to unamortised fees at 30 November 2019 which due to the refinancing on 9 December 2019 have been released in full.

6. Profit Before Tax

The following items have been charged / (credited) in arriving at loss before income tax:

	Year ended 30 November 2019 £'000	Restated year ended 30 November 2018 £'000
Employee benefits (note 7)	215,599	204,439
Depreciation of property, plant and equipment (note 12)	9,946	7,743
Amortisation of intangible assets (note 13)	15,442	13,158
Loss/(gain) on disposal of property, plant and equipment	1,846	(2,779)
Government grants	553	553
Operating lease rentals payable:		
- land and buildings	34,899	40,241
- plant and equipment	9,019	4,815
- commercial vehicles	54,150	43,871
(Gain) / loss from foreign exchange arising in the year	(355)	695

Auditors' Remuneration

During the year, the Group (including overseas subsidiaries) obtained the following services from the Group's auditors, the costs of which are detailed below:

	Year ended 30 November 2019	Year ended 30 November 2018
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	£'000	£'000
Audit Services		
Fees payable to the Company's auditors for the audit of the Parent Company and the Consolidated Financial Statements	657	44
Fees payable to the Company's auditors for the review of the Parent Company and the Consolidated Interim Statements ⁷	1,233	-
Fees payable to the Company's auditors for the audit of the Subsidiaries for current and prior year overrun ⁸	1,556	347
Fees payable to the Company's previous auditors for the audit of the Subsidiaries	-	157
Non-Audit Services		
Tax, share based payment advice and other services payable to the Company's previous auditors	-	92

⁷ The interim review was not performed by the Company's auditors in the prior year

⁸ Fees relating to the overrun costs of the finalisation of the prior year subsidiary audits was £0.8m (2018: £nil)

7. Employees and Directors

Staff costs and the average number of persons (including Directors) employed by the Group during the year were:

	Year ended 30 November 2019 £'000	Restated year ended 30 November 2018 £'000
Staff costs for the Group during the year		
Wages and salaries, including payments on termination	192,364	181,854
Social security	17,899	18,451
Pension	5,336	4,134
	215,599	204,439
Average monthly number of employees		
Total operational	4,358	4,133
Total administration	2,051	1,851
Total management	82	94
Total employees	6,491	6,078

Pensions – Defined Contribution Scheme

The Group operates a defined contribution retirement benefit plan for all qualifying employees. The assets of the plan are held separately from those of the Group under the control of trustees. The only obligation of the Group with respect to the retirement benefit plan is to make specified contributions.

Share based payments

Costs relating to the SIP, MIP and LTIP totalled £1.5m in the year (2018: £1.7m). Further details are provided in note 24.

Directors Remuneration

A summary of Directors' remuneration is detailed below;

	Year ended 30 November 2019 £'000	Year ended 30 November 2018 £'000
Emoluments, bonus and benefits in kind	1,547	970
Pension costs	22	65
Total Directors' remuneration	1,569	1,035

Key management compensation (including Executive Directors):

	Year ended 30 November 2019	Restated year ended 30 November 2018
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	£'000	£'000
Emoluments, bonus and benefits in kind	3,131	2,486
Pension costs	96	172
Total management compensation	3,227	2,658

8. Finance Income and Finance Expense

	Year ended 30 November 2019 £'000	Restated year ended 30 November 2018 £'000
Finance Income		
Bank interest receivable	9	12
Finance Expense		
Interest payable on bank loans and overdrafts	(7,400)	(5,182)
Interest rate swaps: fair value through P&L	(934)	399
Interest rate swaps: interest charged	(123)	(66)
Amortisation of bank fees	(694)	(574)
Interest payable on loan notes	-	(91)
Interest payable on finance leases	(368)	(587)
Total finance expense	(9,519)	(6,101)
Finance expense: exceptional items		
Impairment of bank fees	(1,679)	-
Exit of lending arrangements of The Pallet Network Group	-	(489)
Total Finance expense: exceptional items	(1,679)	(489)
Total finance expense	(11,189)	(6,578)

9. Tax expense/(credit)

Total tax charged/(credited) in the Income Statement in respect of continuing operations

	Year ended 30 November 2019 £'000	Restated year ended 30 November 2018 £'000
Current income tax		
UK Corporation tax	-	497
Overseas corporation tax	1,164	571
Adjustments in respect of prior periods	(1,584)	(163)
Total current tax (credit)/charge	(420)	905
Deferred tax		
Current tax year	(8,659)	(1,670)
Adjustments in respect of prior periods	1,364	(21)
Effect of rate change on opening balance	-	72
Total deferred tax credit	(7,295)	(1,619)
Total credit in the income statement	(7,715)	(714)

Year ended 30 November 2019	Restated year ended 30 November 2018
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	£'000	£'000
Loss before tax on continuing operations	(238,937)	(22,255)
Loss before tax on continuing and discontinued operations multiplied by the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(45,398)	(4,228)
<i>Effects of:</i>		
Post-tax profits of Associates	(194)	(271)
Expenses / (income) not deductible for tax purposes including profit on disposal	1,248	697
Expenses not deductible – exceptional items	3,365	1,404
Effect of different tax rates on overseas profits	493	562
Impact of change in rate	1,018	144
Non-deductible intangibles	28,645	706
Deferred tax not recognised from prior year	3,320	905
Adjustments in respect of prior periods	(212)	(633)
Total tax credit – continuing operations	(7,715)	(714)

A reduction in the UK corporation tax rate from 20% to 19% became effective from 1 April 2017. The rate applied for the year ended 30 November 2019 was 19% (2018: 19%). Following a review of the expected maturity profile of the deferred tax liability a rate of 17% has been applied at 30 November 2019 (2018: 17%).

Factors that may affect future tax expenses

The Group has not recognised deferred tax assets in respect of losses and loan relationships with a tax value of £7.5m (2018: £3.1m) in the UK and therefore, to the extent that these losses may be used against profits arising in future periods, the effective tax rate on these profits may be reduced. Other than certain items noted in the tax reconciliation above, there are no other significant factors that may affect future tax expenses. See note 22.

10. Dividends

At the date of approving these Financial Statements, no final dividend has been approved or recommended by the Directors (2018: recommended dividend 4.76p per share).

A final dividend of £18.1m for the 2018 financial year was approved by the shareholders on 28 May 2019 and paid during the year on 7 June 2019 to shareholders on the register at 10 May 2019.

	Year ended 30 November 2019	Year ended 30 November 2018
	£'000	£'000
Final dividend for the year ended 30 November 2018 of 4.76p per share (2018: 4.4p)	18,057	15,735
Interim dividend for the year ended 30 November 2019 of Nil p per share (2018: 1.5p)	-	5,837

11. Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive instruments into ordinary shares.

	Year ended 30 November 2019	Restated year ended 30 November 2018
	£'000	£'000
Loss attributed to equity shareholders	(231,222)	(21,541)
Weighted average number of Ordinary Shares - Basic	'000	'000

Issued ordinary shares at the beginning of the year	379,347	357,918
Net effect of shares issued and purchased during the year	-	9,041
	379,347	366,959
Weighted average number of Ordinary Shares - Diluted		
Weighted average number of Ordinary Shares - Basic (as above)	379,347	366,959
Net effect of share options in issue ⁹	2,477	3,040
	381,824	369,999
Basic earnings per share for total operations	(61.0p)	(5.9p)
Diluted earnings per share for total operations ⁹	(61.0p)	(5.9p)

⁹ The share options in issue have not been considered as these shares have an anti-dilutive effect due to the Group being loss making

An alternative earnings per share measure is set out below, being earnings, before amortisation of acquired intangibles and exceptional items including related tax and exceptional tax items where applicable, since the Directors consider that this provides further information on the underlying performance of the Group:

	Year ended 30 November 2019	Restated year ended 30 November 2018
Adjusted earnings per share		
Basic	(3.1p)	1.0p
Diluted ⁹	(3.1p)	1.0p
	£'000	£'000
Adjusted (loss)/profit after tax (Note 4)	(11,698)	3,646

12. Property, Plant and Equipment

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Commercial vehicles £'000	Assets under construction £'000	Total £'000
Restated cost at 30 November 2017	32,935	8,179	9,546	20,137	1,453	72,250
Assets purchased on business acquisition	2,164	804	2,797	738	-	6,503
Effects of movements in foreign exchange	145	33	24	73	-	275
Additions in the year	6,409	1,589	2,002	2,225	5,253	17,478
Additions transferred from assets under construction	5,249	97	-	-	(5,346)	-
Disposals	(764)	(61)	(286)	(6,605)	(553)	(8,269)
Reclass adjustments	(268)	134	(11)	(602)	-	(747)
Restated cost at 30 November 2018	45,870	10,775	14,072	15,966	807	87,490
Effects of movements in foreign exchange	(301)	(64)	(56)	(171)	-	(592)
Additions in the year	7,357	1,954	3,121	13,509	3,359	29,300
Transfers between asset categories	(83)	7	76	-	-	-
Transfers to intangible assets	-	-	-	-	(492)	(492)
Impairment	(651)	-	(1,493)	-	-	(2,144)
Disposals	(642)	(1,132)	(420)	(7,761)	(140)	(10,095)
Cost at 30 November 2019	51,550	11,540	15,300	21,543	3,534	103,467
Restated accumulated depreciation at 30 November 2017						
	1,465	2,292	3,067	5,055	-	11,879
Assets purchased on business acquisition	566	661	2,468	302	-	3,997

Effects of movements in foreign exchange	84	26	21	69	-	200
Charge for the year	2,379	1,250	1,655	2,459	-	7,743
Disposals	53	(44)	(189)	(2,065)	-	(2,245)
Reclass adjustments	4	19	(19)	5	-	9
Restated accumulated depreciation at 30 November 2018	4,551	4,204	7,003	5,825	-	21,583
Assets purchased on business acquisition						
Effects of movements in foreign exchange	(185)	(58)	(50)	(156)	-	(449)
Charge for the year	2,337	2,126	2,125	3,358	-	9,946
Disposals	(326)	(849)	(280)	(4,418)	-	(5,873)
Transfers between asset categories	(9)	(34)	35	8	-	-
Impairment (note 5)	12,148	1,689	208	1,539	-	15,584
Accumulated Depreciation at 30 November 2019	18,516	7,078	9,041	6,156	-	40,791
Net book value at 30 November 2019	33,034	4,462	6,259	15,387	3,534	62,676
Restated net book value at 30 November 2018	41,319	6,571	7,069	10,141	807	65,907

As at 30 November 2019, the balances held in respect of assets held under finance leases and hire purchase agreements are:

Cost	-	1,966	1,036	21,540	-	24,542
Aggregate depreciation	-	(282)	(467)	(5,956)	-	(6,705)
Net book value at 30 November 2019	-	1,684	569	15,584	-	17,837

As at 30 November 2018, the balances held in respect of assets held under finance leases and hire purchase agreements are:

Cost	1,687	846	1,121	16,180	-	19,834
Aggregate depreciation	(210)	(357)	(187)	(5,435)	-	(6,189)
Net book value at 30 November 2018	1,477	489	934	10,745	-	13,645

The value of land not depreciated is £nil (2018: £nil).

13. Goodwill and Intangible Assets

Goodwill	General Transport £'000	EU Transport £'000	iForce £'000	TPN £'000	Total £'000
Restated 30 November 2017	127,824	1,000	26,383	-	155,207
Additions / (write downs) during the year	-	-	-	17,377	17,377
Restated 30 November 2018	127,824	1,000	26,383	17,377	172,584
Impairment	(127,824)	-	(19,221)	-	(147,045)
Adjustment	-	-	-	(119)	(119)
30 November 2019	-	1,000	7,162	17,258	25,420

Intangible Assets	Software £'000	Brand names £'000	Customer relationships £'000	Assets under construction £'000	Total £'000
Restated cost at 30 November 2017	4,827	22,300	99,425	-	126,552
Additions in the year	3,755	-	-	3,531	7,286
Additions in the year arising from acquisition	2,089	1,033	30,154	-	33,276
Restated cost at 30 November 2018	10,671	23,333	129,579	3,531	167,114
Effects of movements in foreign exchange	(1)	-	-	-	(1)
Additions in the year	1,148	20	-	1,722	2,890
Impairment	-	-	-	(4,215)	(4,215)
Transfers from property, plant and equipment	-	-	-	492	492
Disposals in the year	(518)	-	(2)	(538)	(1,058)
At 30 November 2019	11,300	23,353	129,577	992	165,222

Restated amortisation and impairment at 30 November 2017	872	13,646	21,799	-	36,317
Amortisation charge for the year	1,716	3,735	7,632	-	13,083
Effects of movements in foreign exchange	1	-	-	-	1
Restated amortisation and impairment at 30 November 2018	2,589	17,381	29,431	-	49,401
Effects of movements in foreign exchange	(1)	-	-	-	(1)
Amortisation charge for the year	2,293	3,884	9,265	-	15,442
Disposals	(22)	-	-	-	(22)
Impairment	1,102	564	10,254	-	11,920
At 30 November 2019	5,961	21,829	48,950	-	76,740
Net book value at 30 November 2018	8,082	5,952	100,148	3,531	117,713
Net book value at 30 November 2019	5,339	1,524	80,627	992	88,482

There were no business combinations made during the year.

Software comprises internally generated software packages, developed by the individual business units in order to support their operations. These are being amortised between 3 and 5 years.

Brand names comprise the Eddie Stobart trademark and designs, which have been licensed by the Group and are being amortised between 6 and 15 years, being the period of the licence agreement.

Customer relationships represent the existing contractual and expected future relationships with customers of the Group at the point of acquisition and are being amortised over 15 years.

Goodwill is considered to have an indefinite life because there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Group. Factors taken into consideration in this judgement are the long period over which the business has been established, the strength of brand awareness and the longevity of the industries in which the business is involved.

Due to impairment indicators being present at the interim reporting date for the period ended 31 May 2019 an impairment test was performed and an impairment recognised of £169.2m.

The Group recognised a total asset impairment of £169.2m across the General Transport and iForce CGUs. The assets of the General Transport CGU were impaired in total by £150m, goodwill was impaired by £127.8m, with the remaining £22.2m of impairment being allocated between property, plant and equipment and intangible assets in line with their carrying value, £10.2m and £12m respectively. The goodwill carried on the iForce CGU has been impaired by £19.2m.

The pre-tax discount rates applied to the forecast cash flows for the 31 May 2019 impairment review were, for General Transport and TPN 13.0% (Nov 2018: 10.7%), EU Transport 12% (Nov 2018: 10.7%) and iForce 12% (Nov 2018: 10.7%).

The Group applied reasonably possible contingencies at the 31 May 2019 to its most recent approved budgets and forecasts to determine the recoverable amount of all CGUs and therefore determine the total asset impairment. Where a CGU was not impaired, the reasonably possible contingencies applied did not result in an impairment. These contingencies related to CGU specific revenue and gross margin reduction and a delay in forecast operational improvements and other cost savings, and had a total impact on value in use of £43.9m.

At the 30 November 2019 a further impairment test has been performed on a fair value less cost to sell basis with reference to the DBAY transaction that completed the 9 December 2019. Details of the post balance sheet event are set out in note 29. Given the consideration of £1, the deemed value to the Eddie Stobart business is the transfer of liabilities which has been measured as the fair value of net debt and long-term liabilities disposed of, this excluded items such as deferred income where cash has already been received.

The deemed value has been allocated to the CGUs (iForce, TPN and EU Transport) based predominantly on the use of recent market transaction multiples of EBITDA and in the knowledge that some subsidiaries had been recently acquired. Value was attributed, as relevant to each subsidiary acquisition, with the balance of the deemed consideration being allocated to the General Transport CGU where no such benchmark exists.

Following this exercise, no further adjustment to impairment was required.

To the extent that the EBITDA multiples and/or forecast EBITDA are more or less than what has been assumed in the impairment calculation which we do not foresee, a further impairment may be possible. The impact of these sensitivities can be seen below:

(Impairment)/Surplus

Segment	iForce £'000	TPN £'000	EU Transport £'000	General Transport £'000
Increase of forecast EBITDA by 15%	8,084	18,413	6,381	(15,299)
Decrease of forecast EBITDA by 15%	(1,691)	2,062	475	16,733
Increase in EBITDA multiples by 1x	8,563	19,185	6,240	(16,409)
Decrease in EBITDA multiples by 1x	(2,170)	1,290	616	17,843

14. Investments in Equity Accounted Investees

	30 November 2019 £'000	Restated 30 November 2018 £'000
Balance at 30 November	8,079	8,564
Foreign exchange movement	(68)	(89)
Post-tax share of profits	1,022	1,339
Dividends received from equity accounted investees	(1,000)	(1,735)
Loans from equity accounted investees	(597)	-
Closing Balance	7,436	8,079
Represented by		
Property, plant and equipment	103	100
Goodwill and intangible assets	5,796	5,766
Current assets	5,887	7,096
Current liabilities	(4,323)	(4,871)
Non-current liabilities	(27)	(12)
Share of net assets	7,436	8,079

All joint ventures have a reporting year end of 31 December. The Group has taken advantage of the exemption from producing additional financial statements for those joint ventures whose financial year end is not co-terminus with the Group's financial year. IAS 27 allows the use of an alternative financial year end date for Joint ventures on the basis that it would be impractical to align the joint venture year end as it is currently aligned to the year end of the other parties participating in the joint venture. Under IAS 27 the Group is required to make adjustment to the financial statements for any significant transactions or events that may arise at the date of signing these statements. No such adjustments are necessary.

During the financial year, the Group received dividends of £1.0m (2018: £1.7m).

The prior year has been restated following the reclassification of Puro Ventures Limited (trading as Speedy Freight) to an associate. See note 30.

15. Inventories

	30 November 2019 £'000	30 November 2018 £'000
Fuel and lubricants	1,983	2,410
Consumable supplies	433	716
Total	2,416	3,126

Inventories represent the value of fuel, lubricants and consumable supplies as at 30 November 2019. There is no impairment provision in respect of inventories. Purchases of these goods during the year are charged directly to the Consolidated Income Statement.

16. Trade and Other Receivables

	30 November 2019	Restated 30 November 2018
	£'000	£'000
Trade receivables	124,979	138,108
Less expected credit loss of trade receivables	(2,726)	(7,281)
Trade receivables – net	122,253	130,827
Balances with associate	24	-
Other receivables, accrued income and prepayments	52,420	63,979
	174,697	194,806

Included within 'Other receivables, accrued income and prepayments' is £28.6m of accrued income, £7.6m of prepayments and £16.2m relating to other debtors.

The ageing of trade receivables and accrued income with their associated provision for impairment is detailed below:

	Trade receivables & accrued income	Expected credit loss	Total
	£'000	£'000	£'000
Other receivables and prepayments - accrued income	28,630	-	28,630
Current	78,415	-	78,415
Overdue less than 1 month	32,180	-	32,180
Overdue 1 - 2 months	9,543	-	9,543
Overdue more than 2 months	4,841	(2,726)	2,115
	153,609	(2,726)	150,883

Movement in accrued income has only been affected by normal trading fluctuations.

The movement in the expected credit loss is as follows:

	30 November 2019
	£'000
Opening balance	(4,118)
Credit to the income statement	692
Utilised	700
Closing balance	(2,726)

17. Cash and Cash Equivalents

	30 November 2019	Restated 30 November 2018
	£'000	£'000
Cash at bank and in hand	9,345	14,203

18. Trade and Other Payables (Current)

	30 November 2019	Restated 30 November 2018
	£'000	£'000
Trade payables	80,846	96,254
Tax and social security	9,810	16,140
Other payables, accruals and deferred income	63,320	48,445
	153,976	160,839

Within 'Other payables, accruals and deferred income' includes £7.7m of payments received in advance of revenue being

recognised and as such has been treated as deferred income. Movement in deferred income is only impacted by normal trading fluctuations. Also included within 'Other payables, accruals and deferred income' is £40.1m of accruals, £6.8m other creditors and £8.7m relating to lease incentives.

19. Trade and Other Payables (Non-current)

	30 November 2019	Restated 30 November 2018
	£'000	£'000
Deferred lease liability	12,537	11,616
Deferred income – lease incentives	55,886	53,665
Other financial liability	5,229	3,062
Other long term payables	197	269
	73,849	68,612

The other financial liability includes £4.7m of deferred consideration relating to the acquisitions of The Pallet Network Group £2.9m and associate acquisition of Speedy Freight £1.8m. A liability of £0.5m (2018: £0.4m asset) has been recognised in relation to the fair value of the interest rate swap.

Deferred income relates to lease incentives that amortised over the life of their respective leases.

20. Financial Assets and Liabilities

	30 November 2019	Restated 30 November 2018
	£'000	£'000
Current		
Fixed rate		
Finance lease and hire purchase obligations	4,942	5,009
Variable rate		
Invoice discounting facility	77,957	37,798
Bank loans	754	2,010
	83,653	44,817
Non-current		
Fixed rate		
Finance lease and hire purchase obligations	12,745	4,646
Bank loans	-	2,714
Variable rate		
Bank loans	127,466	121,629
	140,211	128,989
Total loans and borrowings	223,864	173,806
Cash	(9,345)	(14,203)
Net debt	214,519	159,603

Finance Facilities

Borrowing facilities

The Group has an existing senior facility agreement to borrow £124.0m. The facility is secured on the shares of subsidiaries of the Group, is subject to a variable rate of interest and subject to certain conditions is repayable in full in April 2022. During the year fees of £2.4m (2018: £0.6m) were amortised through the Consolidated Income Statement,

£1.7m (2018: £nil) related to the full release of the unamortised fees as at 30 November 2019 in relation to the senior finance debt which was re-financed on 9 December 2019.

In the UK, the Group has access to an invoice discounting facility of up to £110.0m (2018: £85.0m) though normally restricted to £100.0m (2018: £75.0m), which is dependent upon and secured against assets within the Group. The facility is subject to a variable rate of interest and is in place until 2021. As at 30 November 2019 that balance drawn down against the invoice discounting facility is £78.0m (2018: £37.8m).

The Group has finance facilities in Belgium which are secured against assets in that region and comprise loans totalling €7.0m, subject to a fixed rate of interest repayable in either quarterly or monthly instalments over a period of between 5-15 years until 2021 through to 2031. The facilities are secured against specific assets of the Group.

The completion of the transaction with DBAY on 9 December 2019 included the extension of the existing banking facilities with an additional invoice discounting facility, see note 29.

Maturity Profile of Financial Liabilities

The maturity profiles (including interest payments in respect of finance lease and hire purchase liabilities) of financial liabilities are shown in the table below:

Maturity profile at 30 November 2019	Due within 1 year	Between 1 and 5 years	Due after 5 years	Total
	£'000	£'000	£'000	£'000
Financial liabilities				
Bank loans and interest	754	125,814	1,652	128,220
Invoice discounting facility	77,957	-	-	77,957
Trade payables	80,846	-	-	80,846
Finance lease and hire purchase obligations	4,942	12,745	-	17,687
Other financial liability	-	5,229	-	5,229
	164,499	143,788	1,652	309,939

Maturity profile at 30 November 2018	Due within 1 year	Between 1 and 5 years	Due after 5 years	Total
	£'000	£'000	£'000	£'000
Financial liabilities				
Bank loans and interest	2,010	124,343	-	126,353
Invoice discounting facility	37,798	-	-	37,798
Trade payables	96,254	-	-	96,254
Finance lease and hire purchase obligations	5,009	2,617	2,029	9,655
Other financial liability	-	3,062	-	3,062
	141,071	130,022	2,029	273,122

Foreign exchange differences on retranslation of these assets and liabilities are taken to the Consolidated Income Statement except where those assets and liabilities are held in entities denominated in foreign currency in which case differences are taken to reserves as described in note 1.

The minimum lease payments under finance leases fall due as follows:

	30 November 2019	Restated 30 November 2018
	£'000	£'000
Within one year	5,936	5,285
Between one and five years	13,259	2,743
After five years	70	2,149
	19,265	10,177

Future finance charges on finance leases	(1,578)	(522)
Present value of finance lease liabilities	17,687	9,655

The obligations under finance leases and hire purchase contracts are taken out with various lenders at interest rates prevailing at the inception of the contracts.

Financial Risks and Capital Management

Through its operations, the Group is exposed to the following financial risks:

- Funding and liquidity risk.
- Credit risk from trade receivables.
- Interest rate cash flow risk from variable rate bank loans.
- Foreign exchange risk.

In the process of managing these financial risks, the Group uses the following financial instruments:

- Cash at bank.
- Bank loans.
- Trade receivables, including amounts owed by associates and joint ventures.
- Trade and other payables, including amounts owed to associates and joint ventures.
- Finance leases and hire purchase agreements.

The Group's overall risk management programme focuses on reducing financial risk as far as possible and therefore seeks to minimise potential adverse effects on the Group's financial performance. The policies and strategies for managing specific financial risks are summarised as follows:

(i) Funding and Liquidity Risk

The Group finances its operations by a combination of equity, bank loans, leases, working capital and retained profits. The Group undertakes short-term cash forecasting to monitor its expected cash flows against its cash availability and finance facilities. The Group also undertakes longer-term cash forecasting to monitor its expected funding requirements in order to meet its current business plan, in the context of its existing facilities and to identify any requirement for future funding facilities. The Group monitors its current and forecast financial performance against its banking covenants to ensure that it remains compliant with their requirements. The Group also maintains an active dialogue with a wide range of finance providers in order to ensure that it is aware of all possible sources of finance when it is assessing the availability and cost of providing for the funding requirements in the current business plan.

ii) Credit Risk

The Group's principal exposure to credit risk is in its trade receivables arising from credit sales. A large proportion of the Group's trade receivables are covered by insurance, with £115.1m covered at 30 November 2019 (2018: £88.7m). In accordance with this insurance policy, and also carried out as Group policy in other uninsured credit sales, the Group carries out procedures to assess the credit risk of new customers before entering into new contracts, sets credit limits accordingly and monitors outstanding receivables balances in accordance with these. The Board places significant emphasis on credit control and any changes in debtor payment profiles are identified and acted upon. The age profile of outstanding trade debtors as at 30 November 2019 is shown in note 16, together with associated provisions against recoverability, which gives an indication of the level of credit risk to which the Group is exposed.

(iii) Interest Rate Cash Flow Risk

Some of the Group's borrowings are issued at variable rates that expose the Group to interest rate cash flow risk. The Group's exposure to floating rate interest is modelled in its budgets and forecasts. The Group's principal strategy is to manage its treasury position to reduce borrowing requirements and therefore its exposure to interest cost. As such, the current exposure to volatility in interest rates is limited and the Group estimates that a rise of 0.5% in interest rates would have reduced pre-tax profits by approximately £1.0m for the year ended 30 November 2019 (2018: £0.8m pre-tax profits).

(iv) Foreign Exchange Risk

The Company's functional and presentational currency is Pound Sterling. The Group operates internationally and is exposed to foreign exchange risk, primarily with respect to the Euro. Due to the significant degree of natural hedging arising from purchases and receipts in Euros, which largely mitigates the transactional and financial reporting foreign exchange risk, the Board does not currently seek to hedge its exposure to foreign exchange risk. The Group estimates that a 5% weakening of the Euro from the year end exchange rate would decrease net assets by approximately £0.4m (2018: £0.8m decrease in net assets).

Capital Management

Capital comprises share capital £3.8m (2018: £3.8m), retained profits £(256.5)m (2018 restated: £(7.2)m) and borrowing facilities £241.0m (2018 restated: £213.5m). The Group's short-to medium-term strategy continues to be to strengthen its capital base in order to sustain the future development of the business and therefore the current policy is to reinvest profits rather than recommend the payment of dividends. The Group also focuses on the management and control of working capital in order to reduce net debt, whilst allowing for capital investment in assets for the future development of the business. The Group has also secured finance facilities that contain sufficient headroom to allow for business growth in the event that market volumes significantly increase or incremental turnover is obtained through organic growth or acquisition.

Fair Value of Financial Assets and Liabilities

The book value and comparable fair value of the Group's financial assets and liabilities are shown in the table below.

Classification	Valuation method	2019		2018 restated	
		Book value £'000	Fair value £'000	Book value £'000	Fair Value £'000
Financial assets					
Cash	Level 1	9,345	9,345	14,203	14,203
Trade receivables	Level 2	124,979	124,979	138,108	138,108
Interest rate swap	Level 2	(536)	(536)	399	399
Financial liabilities					
Trade payables	Level 2	80,846	80,846	96,254	109,125
Bank loans	Level 2	128,220	128,220	126,353	126,353
Invoice discounting facility	Level 2	77,957	77,957	37,798	37,798
Finance lease and hire purchase obligations	Level 2	17,687	17,687	9,655	9,655
Other financial liability (note 19)	Level 3	5,229	5,229	3,062	3,062

The Group uses the following valuation methods for measuring the fair value of financial instruments:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are based on data from active markets.
- Level 3: Other techniques for which all inputs which have a significant effect on the recorded fair value are not based on data from active markets.

Interest Rate Swap

In 2017 the Group entered into an interest rate swap with the Bank of Ireland Global Markets for a value of £60m with a floating rate option of GBP LIBOR, the effective date of the contract is 25 April 2018 and terminates on 22 April 2022. The contract is repayable in quarterly instalments on the 25th day of April, July, October and January of each year of the contract. The fixed rate of interest on the swap contract is 0.963% per annum. The swap is currently out of the money, has a fair value of £(0.5)m (2018: £0.4m asset) and the movement is taken through the interest line in the income statement.

21. Provisions

	Dilapidations £'000	Motor insurance £'000	Onerous leases £'000	Employee claims £'000	Other £'000	Total £'000
Restated balance at 30 November 2017	10,451	5,120	-	847	-	16,418
Provisions charged to the income statement	757	4,219	-	1,869	-	6,845
Provisions credited to the income statement	(1,845)	(757)	-	-	-	(2,602)
Provisions paid	(7)	(4,360)	-	(1,912)	-	(6,279)
Asset additions	296	-	-	-	-	296

Transfers in	569	-	-	-	-	569
Discount unwind	28	-	-	-	-	28
Acquired during the year	1,894	-	-	-	-	1,894
Movement in foreign currency translation	21	-	-	-	-	21
Total	1,713	(898)	-	(43)	-	772
Restated balance at 30 November 2018	12,164	4,222	-	804	-	17,190
Provisions charged to the income statement	1,296	5,453	3,246	538	2,089	12,622
Provisions credited to the income statement	(592)	-	-	-	-	(592)
Provisions paid	-	(4,215)	(393)	(451)	-	(5,059)
Asset additions	1,072	-	-	-	-	1,072
Transfers in	430	1,072	-	-	-	1,502
Discount Unwind	36	-	-	-	-	36
Movement in foreign currency translation	(24)	-	-	-	-	(24)
Total	2,218	2,310	2,853	87	2,089	9,557
Balance at 30 November 2019	14,382	6,532	2,853	891	2,089	26,747

Analysis of total provisions:	30 November 2019 £'000	Restated 30 November 2018 £'000
Current	12,818	8,748
Non-current	13,929	8,442
	26,747	17,190

Dilapidations

A provision is held across the Group property portfolio for future dilapidation costs and site restoration. Provisions are established over the life of leases to cover remedial work necessary at termination under the terms of those leases. The contractual termination dates of the Groups current leases are between March 2020 and December 2047.

Motor Insurance

A provision is held against the cost of motor accidents below that covered by our insurance policies. These cases are managed through a specialist independent claims management handler and the provision is held to cover the estimated future liability to the Group.

Onerous lease

An onerous lease provision has been recognised relating to a number of specialist vehicle leases following the exit of a contract in the year, and property leases where the property is surplus to operating requirements. This is based on the remaining term of the lease (leases run until March 20 - November 2025) as there is no contractual break clause, unless, an early termination date is known and confirmed. The provision involves an estimate of the residual values of the assets on lease, any sale gain/loss that could occur upon disposal of the assets or any estimated exit costs for the surrender of a property lease prior to the end of the lease term.

Employee claims

The Group has various ongoing and potential litigation and claims, principally relating to accidents in the workplace. These cases are being managed through a specialist independent claims management handler and a provision is held to cover the estimated future liability to the Group.

22. Deferred Tax

Deferred tax is calculated in full on temporary differences using the liability method, and predominantly relates to UK balances, using a tax rate of 17% (2018: 17%).

	30 November 2019 £'000	Restated 30 November 2018 £'000
Deferred tax brought forward	(7,864)	(9,001)
Prior year adjustments	-	4,850
Restated deferred tax brought forward	(7,864)	(4,151)
Adjustment in respect of prior years	-	(51)
Credited/(charged) to the consolidated income statement	7,294	1,670

Transfers		(11)	-
Acquisition of business		-	(5,332)
Deferred taxation carried forward		(581)	(7,864)

Deferred tax assets have been recognised in respect of accelerated capital allowances, brought forward losses and other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

	Restated At 30 November 2018	Consolidated Income Statement	Acquired with Business Combinations	Adjustment in respect of prior years	At 30 November 2019
	£'000	£'000	£'000	£'000	£'000
Intangible assets	(10,714)	(3,343)	-	(3)	(14,060)
Revaluations	(292)	-	-	10	(282)
Deferred tax liability	(11,006)	(3,343)	-	7	(14,342)
Losses	2,395	7,277	-	166	9,838
Accelerated capital allowances	747	1,825	-	643	3,215
Other temporary differences	-	2,900	-	(2,192)	708
Deferred tax asset	3,142	12,002	-	(1,383)	13,761
	(7,864)	8,659	-	(1,376)	(581)

	Restated At 30 November 2017	Consolidated Income Statement	Acquired with Business Combinations	Adjustment in respect of prior years	Restated At 30 November 2018
	£'000	£'000	£'000	£'000	£'000
Intangible assets	(12,756)	7,682	(5,657)	17	(10,714)
Revaluations	(292)	-	-	-	(292)
Other temporary differences	(3,373)	3,373	-	-	-
Deferred tax liability	(16,421)	11,055	(5,657)	17	(11,006)
Losses	6,996	(4,191)	-	(410)	2,395
Accelerated capital allowances	(589)	550	6	780	747
Other temporary differences	5,863	(5,744)	319	(438)	-
Deferred tax asset	12,270	(9,385)	325	(68)	3,142
	(4,151)	1,670	(5,332)	(51)	(7,864)

Unprovided deferred tax assets, which are unprovided because they may not be recovered, are as follows:

	30 November 2019	Restated 30 November 2018
	£'000	£'000
Non-trading losses	2,898	1,468
Capital losses	2,160	756
Loan relationships	2,407	905
Total unrecognised losses	7,465	3,129

23. Capital and Reserves

Share capital and share premium

	No of shares '000	Share capital £'000	Share premium £'000	Merger reserve £'000
Ordinary shares in issue at 30 November 2017	357,918	3,579	117,257	7,950
Share issue	21,429	214	28,745	-
Ordinary shares in issue at 30 November 2018	379,347	3,793	146,002	7,950
Ordinary shares in issue at 30 November 2019	379,347	3,793	146,002	7,950

All of the ordinary shares in issue referred to in the table above are fully paid.

Ordinary share capital & share premium & merger reserve

Prior to the IPO in April 2017, the Company performed a share split, with the consequence that ordinary share capital reduced from £1 par value to 1p par value per share. Also prior to the IPO, share premium was cancelled in order to convert into distributable reserves. A bonus issue of shares was granted to the current shareholders at the same time.

On 25 April 2017 the Company placed 76.25m Ordinary 1p shares with an attached merger reserve of 159p per share

(the total listing price being 160p per share) on AIM.

The Company also issued 5m ordinary 1p shares, with an attached share premium of 159p per share (total value (160p per share) to the shareholders of iForce Group for their interests in the business.

On 28 June 2018 the Company placed 21.43m Ordinary 1p shares with an attached share premium of 139p per share (140p per share in total), to provide part of the funding for the acquisition of the TPN Group.

Own shares

Included in the total number of ordinary shares outstanding above are 1,690,000 (2018: 1,690,000) ordinary shares held by the Group's employee benefit trust. The ordinary shares held by the trustee of the Group's employee benefit trust pursuant to the SIP are treated as Own shares in the Consolidated and Company's Balance Sheet in accordance with IAS 32.

Nature and purpose of reserves

- (i) Translation reserve - represents the gains and losses arising on retranslating the net assets of overseas operations into Sterling. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.
- (ii) Own shares reserve – This reserve arose when the Group issued equity share capital under its Share Incentive Plan (SIP) which is held in trust by the trustee of the Group's employee benefit trust. If these shares are forfeited throughout the vesting period for leavers or another reason they will continue to be owned by the trust and therefore will continue to be presented within Own shares in the Group financial statements.
- (iii) Share options reserves – consist of provisions made during the financial year relating to Long-Term Incentive and Management Incentive Plans for future liabilities relating to management and employee share-based incentive scheme payments, further details are disclosed in note 24.

24. Share-based Payments

As at 30 November 2019, the Company operated the following share award plans:

- Long-Term Incentive Plan;
- Management Incentive Plan; and
- Share Incentive plan.

There were no exercisable options under the above schemes as at 30 November 2019 (2018: £nil).

Long Term Incentive Plan (LTIP)

The LTIP was approved by the Board on 18 April 2017 enabling the Group to award options on shares to key employees following admission to the Alternative Investment Market (AIM) on the London Stock Exchange. Awards were granted during the year ended 30 November 2017, giving award holders the right to exercise nil-out options at the end of the three year period from the date of the award, dependent on;

- The level of growth in earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ending 30 November 2017 of £56.8m; and
- achievement of 10% compound growth in the total shareholder return (TSR) over the period from the date of admission to trading on the London Stock Exchange (25 April 2017) to the third anniversary of admission.

Additional awards were granted during the year ended 30 November 2019 giving award holders the right to exercise nil-out options at the end of the three year period from the date of the award, dependent on;

- Achieve compound growth of at least 10% per annum in earnings per share (EPS) for the years ended 30 November 2019, 30 November 2020, 30 November 2021
- The growth in shareholder return (TSR) over the period achieves equal to or greater than compound 10% per annum, starting on the first day of the period until the last day of the relevant financial year (30 November 2021)

IFRS 2 states that there is present obligation to settle in cash if:

- the choice of settlement in equity has no commercial substance; or
- the company has a past practice or stated policy of settling in cash; or
- the entity generally settles in cash whenever the counterparty requests cash settlement.

For the Group, none of the above apply and there is no assumed obligation to settle in cash, consequently the LTIP award will be treated as equity settled for this valuation. The LTIP award also gives rise to post-vesting restriction on the shares for a period of 12 months from the date of issue to participants or the fourth anniversary of the granting of the LTIP, whichever is the earliest.

Under IFRS 2 there is a requirement to consider post-vesting restrictions to be incorporated in calculating the fair value for the LTIP award; as shares in the Company are traded on the AIM market of the London Stock Exchange, the restriction would have a negligible effect on the price that a knowledgeable and willing market participant would pay for the shares and as such no adjustment to the fair value of the LTIP shares has been calculated. This valuation has been calculated and provided by an independent third party who have advised the directors of the fair value and future LTIP obligations as follows;

The fair value of the options granted during the year ended 30 November 2018 was determined using the Black Scholes Merton option pricing model for valuing the EPS condition and Monte Carlo simulation for the TSR condition. The inputs into the models were:

	Black Scholes	Monte Carlo
Share price	96.5p	96.5p
Exercise price	Nil	115p
Expected term	Third of the shares vest at the end of years 1,2 and 3	Third of the shares vest at the end of years 1,2 and 3
Risk free rate	0.72%	0.72%
Expected dividend yield	7%	7%
Expected volatility	31%	31%

The estimated fair value of options granted in the year ended 30 November 2019 was £1.3m. The total expense recognised in the year in respect of LTIP options was £0.1m.

Management Incentive Plan (MIP)

The MIP was approved by the Board on 25 April 2017. The Company entered into arrangements with the two participants A Laffey and D Harte. A Laffey subscribed for 60,000 A1 ordinary shares in Greenwhitestar Acquisitions Limited, a subsidiary of the Company, at £0.65p per share and D Harte subscribed for 20,000 A2 ordinary shares at £2.00 per share. The participants have the right to sell all of their MIP shares at the end of the three year period from the date of the award. The Company also has a corresponding call right at the end of this period. The date on which this right is exercised is referred to as the Exercise Date.

The Company, at its discretion, may purchase the MIP shares for cash or by issuing ordinary shares in the Company. Where participants receive ordinary shares in the Company, the MIP participants are restricted from selling 50% of their allotment for a 12 month period from the date of issue or the fourth anniversary of the MIP share issue whichever is earliest.

On 31 March 2019 D Harte resigned therefore terminating his service with Eddie Stobart Logistics plc and on 8 May 2019 A Laffey terminated his interest in the MIP, all shares were transferred to Eddie Stobart Logistics plc leaving no further interest in the scheme.

The charge recognised in the year includes the release of the liability in respect of D Harte and acceleration of the liability in respect of A Laffey as required under IFRS 2.

	2019	2018
	£'000	£'000
Fair value income statement charge of MIP scheme	1,029	1,647

Share Incentive Plan (SIP)

The SIP was approved by the Board on 25 April 2017. The SIP is an equity settled share incentive plan approved by HMRC. The purpose of the SIP is to be a free share issue to staff fully funded by funds from the outgoing parent shareholder. The SIP shares are held in trust by independent third party trustees for specified employees, but may be forfeited during a three year period that commenced from 30 June 2017 in certain circumstances.

The number of shares held in trust are 1,687,500 Ordinary £0.01p shares at a cost of £1.60 per share with a market value of £2.7m. All of the shares were fully paid for by the outgoing shareholder and parent. The employees who participated in the SIP are the Company's Executive Directors and employees, including the employees of the Company's subsidiaries, as at 30 June 2017.

The SIP also allows for the extension of the SIP to allow additional employees to participate at the discretion of the Board.

The current and future charge to the Income Statement is detailed below;

	Total	Future obligations		2019
		Greater than 12 months	2020	
	£'000	£'000	£'000	£'000
Fair value charge of Employee Benefit Trust SIP Scheme	2,072	-	374	1,698

25. Operating Lease Arrangements

At the year end the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	30 November 2019		30 November 2018	
	Plant and equipment	Land and buildings	Plant and equipment	Land and buildings
	£'000	£'000	£'000	£'000
Within one year	43,526	51,667	52,239	46,986
Between one and five years	76,407	194,660	91,082	179,624
Due after five years	8,853	397,623	12,618	447,364
	128,786	643,950	155,939	673,974

26. Related Party Disclosures and Ultimate Parent Undertaking

During the year the Company and or its subsidiaries entered into commercial transactions with related parties as shown in the table below.

2019 Related Party Disclosures	Description of related party	Sales to related party	Purchases from related party	Balance owed by related party	Balance owed to related party
		£'000	£'000	£'000	£'000
Directors' loans	a	-	-	475	-
IPS at Eddie Stobart Limited	b	2,758	-	847	-
Puro Ventures Ltd trading as Speedy Freight	c	1,184	1,274	751	330
Harvey Nash Plc	d	-	8	-	-
Nelson Bostock	e	-	38	-	38

- a) In February 2015, two directors of a subsidiary company were loaned an aggregate amount of £475,000, at 3% plus RBS base rate non-compound interest, repayable in full as at February 2022.
- b) IPS at Eddie Stobart Limited is a joint venture participation. IPS at Eddie Stobart Limited provides logistics and management services.
- c) Puro Ventures Limited, trading as "Speedy Freight", is a joint venture participation with fellow Group member ESLL Limited. Speedy Freight operates as a same day specialist courier.
- d) Harvey Nash Plc is a recruitment agency and a related party by virtue of its association with the Ultimate Parent Undertaking, DBAY.
- e) Nelson Bostock is a PR consultancy firm and a related party by virtue of its association with the Ultimate Parent Undertaking, DBAY.

2018 Related Party Disclosures	Description of related party	Sales to related party	Purchases from related party	Balance owed by related party	Balance owed to related party
		£'000	£'000	£'000	£'000
Directors' loans	a	-	-	475	-
IPS at Eddie Stobart Limited	b	2,795	-	553	-
Puro Ventures Ltd trading as Speedy Freight	c	772	562	320	304
Harvey Nash Plc	d	-	30	-	-

On 25 April 2017 Eddie Stobart Logistics plc was listed on the Alternative Investment Market of the London Stock

Exchange. As a consequence the Group has a new board of directors and a change in the shareholder base occurred. In view of this change, management have re-evaluated the nature of existing relationships and noted that some have ceased to be related parties.

- a) In February 2015, two directors of a subsidiary company were loaned an aggregate amount of £475,000, at 3% plus RBS base rate non-compound interest, repayable in full as at February 2022. In addition, amounts totalling £15,000 were received by the company from a Director during the year before being paid out on his behalf to a third-party under the same terms available to the Group. There is no balance due to the Company or any company in the Group at the year end.
- b) IPS at Eddie Stobart Limited is a joint venture participation. IPS at Eddie Stobart Limited provides logistics and management services.
- c) Puro Ventures Limited, trading as "Speedy Freight", is a joint venture participation with fellow Group member ESLL Limited. Speedy Freight operates as a same day specialist courier.
- d) Harvey Nash Plc is a recruitment agency and a related party by virtue of its association with the Ultimate Parent Undertaking, DBAY.

27. Contingent Liabilities

There is an unlimited bank cross guarantee arrangement between the Company and certain of its material subsidiary undertakings. The maximum potential liability at 30 November 2019 was £124.0m (2019: £124.0m).

ESLL Group Ltd has a contingent liability in respect of a motor insurance bond to a maximum aggregate liability of £11.7m. The bond has been indemnified by all companies in the GWSA Ltd group.

The Group has contingent liabilities in respect of unsettled legal claims and contract disputes. The Group has received a number of claims in respect of such issues, none of which are expected to result in a material loss to the Group. The Group has not booked any provisions associated with the claims as it is management's belief that the claims have little merit.

In the normal course the Company has indemnified a number of Directors, Officers and contractors against liabilities arising out of or in connection with any proceedings against the said Directors or contractors for negligence, default, breach of duty or otherwise, subject to normal exclusions. This obligation was novated to GWSA on execution of the DBAY transaction 9th December 2019.

28. Capital commitments

At 30 November 2019, the Group had no capital commitments (2018: £nil).

29. Subsequent Events

Transaction

On 9 December 2019 DouglasBay Capital III Fund LP, a fund managed by DBAY Advisors Limited ("DBAY") completed the acquisition of an indirect 51% equity stake in Greenwhitestar Acquisitions Limited ("GWSA") (the "Disposal"), the holding company of the Eddie Stobart trading entities (including Eddie Stobart Limited, iForce Group Limited and The Pallet Network). Accordingly, as a result of the Disposal, the Company's equity interest in the Eddie Stobart trading entities was reduced from 100% to 49%. On completion of the Disposal GWSA issued loan notes to an entity controlled by the acquirer of the 51 % stake in GWSA (the "Loan Notes"). A further £2.74m of professional and advisor costs were incurred after the year end, which were contingent on the transaction gaining shareholder approval.

The completion of the transaction included the extension of the existing banking facilities and an additional invoice discounting facility as follows:

- The ongoing provision of the £124m term loan which has been extended to November 2024 and subject to repayment of £35m in stages by August 2021;
- The ongoing provision of the £100m invoice discount facility until 22 November 2024; and
- The provision of an incremental £20m invoice discounting facility which has been made available at the same time as the £50m¹⁰ PIK note was issued, which is due for repayment on 9 December 2025.

Saki Riffner, Non-Executive Director of the Company and Chief Investment Officer of DBAY, is also a director of GWSA. The executive leadership team of the Eddie Stobart trading entities and the leadership team of DBAY provide timely information about the Eddie Stobart trading entities to enable the Company to monitor its interest in GWSA and to comply with its reporting obligations. The Company does not have any executive management and is dependent on funding provided indirectly by Marcelos Limited, a holding company of GWSA.

On disposal of its controlling holding in the Eddie Stobart business the Company in its consolidated accounts disposed

of net liabilities in the Eddie Stobart business of circa £95m and recognised deemed consideration of £45m, generating a profit on disposal of circa £140m.

From 9 December 2019 the non-controlling investment in the Eddie Stobart business will be equity accounted and will be initially recognised at £45m.

Company Status

Following completion of the Disposal, the Company became a 'cash shell' pursuant to the AIM Rules for Companies (the "AIM Rules") and therefore, in order to remain quoted on AIM, was required, inter alia, to complete an acquisition or acquisitions constituting a reverse takeover within six months of the Disposal. For the purposes of this requirement, becoming an AIM investment company (which entails raising a minimum of £6 million in cash via an equity fundraising and publishing an admission document) is treated as a reverse takeover.

The Company became a cash shell on 9 December 2019 and so it is required to complete a reverse takeover, or become an AIM investment company and complete an equity fund raise of at least £6 million, by 9 June 2020. The global COVID-19 pandemic has impacted public fundraising activities and noting the Company's retained interest in GWSA, AIM has agreed with the Company an extension to this timeline to 9 December 2020.

The Board is continuing to explore opportunities to raise additional funds to permit the Company to become an 'AIM investment company' and remain quoted on AIM. The Board is exploring a range of alternative structures and investment strategies and is taking advice on the priorities of potential investors, and it is expected that, as indicated in the Circular, DBAY would act as the Company's investment manager following a successful fundraising. DBAY has confirmed the extension of the Company's right, referred to in the Circular, to acquire up to 49 per cent of the outstanding Loan Notes (or an equivalent economic interest) to 9 September 2020. This will align the economic interests of DBAY and the Company's shareholders such that the Company and its shareholders can participate.

COVID-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. The group has taken a number of measures to monitor and prevent the effects of the COVID-19 virus. These have included health and safety measures for our people and within our investment (like social distancing and working from home).

At this stage, the impact on our business is limited. The business is a cash shell and the COVID-19 outbreak has had the impact of extending the timeframe to become an AIM investment company.

We will continue to follow the various national institutes' policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

Property lease novations

Post year end, and in line with the strategy of the new management of the Eddie Stobart business, a number of property leases have been surrendered or novated where there is under-utilisation of warehouse space. This has resulted in the release of any associated liabilities in FY20 totalling £5.4m net of costs associated with the transactions.

Brand acquisition

The Eddie Stobart business has acquired the "Eddie Stobart" and "Stobart" brands from a subsidiary of Stobart Group Limited, the main market listed aviation and energy group. Total cash consideration of £10 million is payable by the group's trading entity, Eddie Stobart Limited, of which £4 million is deferred (with £2.5 million payable in December 2020 and the remaining £1.5 million within 36 months), and Stobart Group Limited is required to change its name by 28 February 2021.

Prior to acquiring the Eddie Stobart brand, the Eddie Stobart business used the brand under a 2014 licence agreement and an annual fee of £3 million had become payable from 1 March 2020. This licence arrangement has now been terminated resulting in a cost saving for the Eddie Stobart business of £3 million per annum. The acquisition of the brand will help stakeholders more easily to differentiate between the Eddie Stobart business's logistics business and the Stobart Group's aviation and energy businesses, as the Stobart Group will transition to a different name.

¹⁰ £50m net of £5m retained in Marcelos Limited relating to transaction costs.

30. Prior year restatements

The Group has implemented IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, both effective for the first time for the financial year beginning on 1 December 2018. The Group has elected to restate comparative information in accordance with the relevant transition provision. This note explains the impact on the Group's accounts of the adoption of IFRS 9, IFRS 15 and the restatement of prior year comparatives for lease incentive accounting, the accounting for Speedy Freight as an associate and other historical items.

Restatements to previously reported profit

Speedy Freight Consolidation

On 8 July 2017 the Group purchased 50% of the shares of Puro Ventures Limited, which trades as Speedy Freight. The Group's shareholding was subsequently reduced to 47.5% due to a share issue and re-classification but the Group retained 50% of the voting rights. Speedy Freight operates a franchise model, specialising in urgent business to business, same day deliveries.

Following the acquisition it was determined that the Group exercised control over the business (based on a number of factors including the on-going contractual arrangements with the other shareholders, including put and call options) and consequently the results of Speedy Freight have previously been fully consolidated in the audited financial statements of the Group in FY17 and FY18.

During the review of the HY19 results, this judgement has been reconsidered and it has been determined that a more appropriate treatment is to account for Puro Ventures Limited as an associate and therefore not to consolidate its results, in line with the requirements of the accounting standards. This has had a negative impact on the underlying operating EBIT for FY18 of £1.0m. The Company's consolidated results for FY18 are restated to reflect this.

Property-related activities

Since 2016, the Group has focused on developing a full-service logistics business aligned to the needs of its road transport and e-commerce focused customers, in part by expanding its warehouse footprint and capacity. In recent years, a material proportion of the Group's profits have been derived from the opportunities afforded by this expansion, with the Company acting as anchor tenant for completed developments, and receiving income from property consultancy services relating to development activities (including consultancy advice on process, planning, facilitation and debt structuring). The Board considered these activities to be integral to the Group's logistics activities and accounted for them as such.

A critical judgment on transactions with multiple elements is the allocation of consideration between the separate elements of the transaction. The Group has historically entered into combined lease and property consultancy transactions with third parties where they provide consultancy services and advice to companies with whom they also enter into long-term lease commitments. At the conclusion of the consultancy services and the inception of the lease, the Group typically receives a large payment. Under the previously adopted policies, having demonstrated the on-going lease terms were considered to be at or below market value, the Group attributed all the consideration received to property consultancy services. Having reconsidered the accounting guidance, the Group has noted the difficulty in benchmarking the revenue recognised on consultancy services provided with market transactions for similar services. Conversely, the guidance for accounting for lease incentives received requires they are amortised over the life of the lease without reference to whether the resulting lease charge (net of incentives) represents a market rate. Consequently, the Group has determined that a more appropriate way to account for these combined lease and consultancy services transactions is to treat all the consideration as a lease incentive and allocate no revenue to consultancy services.

Approximately £17m and £33m derived from those activities for financial year 2017 and financial year 2018 (respectively) and approximately £13m prior to financial year 2017 has been reversed and restated, and the amount related to these activities recognised over the life of the lease. This has resulted in a reduction in previously reported EBIT in those years and a net adjustment to the Group's net assets at 30 November 2018 of £60.6m, exclusive of any estimated tax reduction. This also means that in future years, recognised lease costs will be lower by approximately £4m per annum, reflecting the benefit of the amortisation of lease incentives on unexpired leases entered into in the past.

Lease accounting

The Group has restated the financial statements to account for lease costs over the term of the lease in line with IAS 17. In addition in accordance with IFRS 3 an acquirer should not recognise the deferred lease liabilities of an acquiree upon acquisition and therefore this has led to a combined adjustment to goodwill of £7.9m and subsequent recognition of the lease liability, increasing the 2018 charge to the income statement by £1.8m.

Dilapidations

Historically, the Group has determined that dilapidations provisions were not required as there is a policy to ensure warehouses are maintained to a very high standard.

Given the expansion of the warehouse portfolio of the Group over the course of the last few years that are subject to dilapidation clauses, that determination has been reviewed, and the financial statements have been restated to reflect a dilapidation provision. This has resulted in an increased income statement charge of £0.7m in 2018, and £5.7m in respect of previous periods.

Other

A number of other accounting adjustments have been made. These relate to the reassessment at the respective balance sheet dates, of write downs in respect of debtors due in connection with underperforming and exited contracts, revenue recognition and write downs of unrecoverable balance sheet assets and reassessment of intangible asset recognition, increased expense in relation to lease accounting, cost accruals and provisions and implementation of new accounting

standards as well as balance sheet reclassification of the invoice discounting facility into borrowings, the offset of debtors and creditors whereby there is a legal write of offset and the reclassification of intangible assets from prepayments. Restatements of results for FY18, FY17 and prior years have been made to reflect this.

Cash flow statement

There have been no direct cash outflows as a result of the prior year restatements. However, changes have been required to the presentation of the cash flow statement as a result of the restatements. The main changes are:

- Classification of the invoice discounting facility of £10.9m as borrowings as at 30 November 2018. This was previously presented as a reduction to the cash balance.
- Lease incentive inflows on property transactions are now presented in a separate line within operating activities to aid transparency.
- Cashflows from Speedy Freight are no longer included within the Group's cashflows as Speedy Freight is now treated as an associate. Instead, investments made in, and dividends received from, Speedy Freight are now presented within investing activities. Payments made to the previous owners of Speedy Freight which are linked to services conditions are presented as part of cash generated from operating activities.

Fully retrospective application of new accounting standards

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities.

Classification and measurement

IFRS 9 establishes three primary measurement categories for financial assets: amortised cost; fair value through other comprehensive income and fair value through profit and loss. There has been no changes in the classification of financial assets or financial liabilities as a result of IFRS 9.

Impairment

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under IFRS it is not necessary for a credit event to occur before the credit losses are recognised.

The Group has applied the simplified approach to recognise lifetime expected credit losses for its trade receivables and contract assets as permitted by IFRS 9. The application of the expected credit loss model of IFRS 9 will result in greater recognition of credit losses, and as at 1 December 2018, the overall impact is a decrease of retained earnings of £3.5m.

Hedge Accounting

The Group does not currently hold any derivative financial instruments designated as hedge relationships.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model when accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition standards and interpretations. The Group is required to adopt IFRS 15 for the year ended 30 November 2019 and will adopt the fully retrospective approach with restatement of comparatives.

Under IFRS 15, an entity recognises revenue when or as a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

IFRS 15 Revenue from Contracts with Customers (continued)

The Group recognises revenue from the following major sources:

Area	Explanation	IFRS 15 Impact
Open book revenue	Open book contracts will typically cover costs plus an agreed fixed or variable management fee.	Revenue relating to costs to serve the customer are invoiced in line with the customer receiving and consuming benefits under the contract, and is recognised in the period in which it is earned. Performance obligations are measured against minimum service level agreements. There has been no change in the timing of revenue recognition on application of IFRS 15.
Closed book revenue	Revenue for closed book contracts is recognised based	Revenue based on a pre-agreed rate-card is recognised as services are provided, in line with the customer receiving and consuming benefits under

	on a pre-agreed rate-card per unit/delivery	the contract. There has been no change in the timing of revenue recognition on application of IFRS 15.
Membership fees	Membership fees (fixed)	Membership fees are recognised over the term of the contract. There has been no change in the timing of revenue recognition on application of IFRS 15.
Performance-related revenue	Revenue linked to performance measures, such as Key Performance Indicators (KPIs) and gain-share mechanisms.	Variable revenue is recognised to the extent the performance obligation has been satisfied and it is highly probable a significant revenue reversal will not occur. This has resulted in the derecognition of revenue that met the criteria under IAS 18 (probable of receipt) but does not meet the revised criteria under IFRS 15. The impact of which can be seen in the full year restatement table below.
Carrier management	Licensing of carrier management software and provision of carrier management services	Revenue related to licensing of carrier management software and provision of services is recognised over the term of the contract. This has resulted in later recognition of revenue for some contracts.
Sale of goods	Sale of goods to final consumers	Revenue on sale of goods is recognised at the point in time the customer receives control of the goods. There has been no change in the timing of revenue recognition on the application of IFRS 15

	Previously reported year ended 30 November 2018	Speedy reclassification as an associate	Lease Incentives	Lease Accounting	Dilapidations	Other	IFRS 9	IFRS 15	Total prior year adjustments	Restated year ended 30 November 2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations										
Revenue	843,141	(25,365)	(31,695)	-	-	(3,354)	-	(1,265)	(61,679)	781,462
Cost of sales	(662,682)	20,878	439	-	-	(1,610)	-	-	19,707	(642,975)
Gross profit	180,459	(4,487)	(31,256)	-	-	(4,964)	-	(1,265)	(41,972)	138,487
Administrative expenses: before amortisation of acquired intangibles and exceptional items	(129,183)	2,650	-	(1,841)	(931)	(2,034)	1	-	(2,155)	(131,338)
Credit loss on contractual assets	-	-	-	-	-	-	(2,978)	-	(2,978)	(2,978)
Amortisation of intangibles	(13,818)	660	-	-	-	-	-	-	660	(13,158)
Administrative expenses: before exceptional items	(143,001)	3,310	-	(1,841)	(931)	(2,034)	(2,977)	-	(4,473)	(147,474)
Administrative expenses: exceptional items	(7,774)	2,661	-	-	-	1	-	-	2,662	(5,112)
Total administrative expenses	(150,775)	5,971	-	(1,841)	(931)	(2,033)	(2,977)	-	(1,811)	(152,586)
Profit/(Loss) from operating activities	29,684	1,484	(31,256)	(1,841)	(931)	(6,997)	(2,977)	(1,265)	(43,783)	(14,099)
Profit/(Loss) from operating activities: before exceptional items	37,458	(1,177)	(31,256)	(1,841)	(931)	(6,998)	(2,977)	(1,265)	(46,445)	(8,987)

Finance income	15	(4)	-	-	-	1	-	-	(3)	12
Finance expenses: before exceptional items	(6,110)	37	-	-	(28)	-	-	-	9	(6,101)
Finance expenses: exceptional items	(489)	-	-	-	-	-	-	-	-	(489)
Total finance expense	(6,599)	37	-	-	(28)	-	-	-	9	(6,590)
Net finance expense	(6,584)	33	-	-	(28)	1	-	-	6	(6,578)
Share of post-tax results of equity accounted investees	524	815	-	-	-	-	-	-	815	1,339
Equity accounted investees: exceptional items	-	(2,917)	-	-	-	-	-	-	(2,917)	(2,917)
Profit/(Loss) before tax	23,624	(585)	(31,256)	(1,841)	(959)	(6,996)	(2,977)	(1,265)	(45,879)	(22,255)
Income tax credit / (expense)	(7,379)	295	5,939	351	260	384	624	240	8,093	714
Profit/(Loss) for the period	16,245	(290)	(25,317)	(1,490)	(699)	(6,612)	(2,353)	(1,025)	(37,786)	(21,541)

Earnings per share

Basic – total operations	4.4p									(5.9p)
Diluted – total operations	4.4p									(5.9p)

	Previously reported 30 November 2018 £'000	Speedy reclassification as an associate £'000	Lease Incentives £'000	Lease Accounting £'000	Dilapidations £'000	Other £'000	IFRS 9 £'000	IFRS 15 £'000	Total prior year adjustments £'000	Restated 30 November 2018 £'000
Assets										
Non-current assets										
Property, plant and equipment	66,280	(68)	-	-	1,600	(1,905)	-	-	(373)	65,907
Goodwill	189,730	(9,242)	-	(7,904)	-	-	-	-	(17,146)	172,584
Intangible assets	122,482	(8,300)	-	-	-	3,531	-	-	(4,769)	117,713
Investments in equity accounted investees	1,576	6,503	-	-	-	-	-	-	6,503	8,079
Deferred tax asset	5,850	(1,340)	-	-	-	(1,368)	-	-	(2,708)	3,142
	385,918	(12,447)	-	(7,904)	1,600	258	-	-	(18,493)	367,425
Current assets										
Inventories	3,126	-	-	-	-	-	-	-	-	3,126
Trade and other receivables	231,166	(7,326)	(5,640)	-	1,226	(19,342)	(4,117)	(1,161)	(36,360)	194,806
Cash and cash equivalents	5,234	(1,917)	-	-	-	10,886	-	-	8,969	14,203
	239,526	(9,243)	(5,640)	-	1,226	(8,456)	(4,117)	(1,161)	(27,391)	212,135
Total assets	625,444	(21,690)	(5,640)	(7,904)	2,826	(8,198)	(4,117)	(1,161)	(45,884)	579,560
Liabilities										
Current liabilities										
Loans and borrowings	(35,908)	1,976	-	-	-	(10,885)	-	-	(8,909)	(44,817)
Trade and other payables	(169,558)	5,742	(3,178)	(363)	-	6,717	-	(199)	8,719	(160,839)
Current tax liability	(7,038)	342	8,956	1,483	260	(2,298)	624	240	9,607	2,569
Provisions	(3,454)	-	-	-	-	(5,294)	-	-	(5,294)	(8,748)
	(215,958)	8,060	5,778	1,120	260	(11,760)	624	41	4,123	(211,835)
Non-current liabilities										
Loans and borrowings	(128,989)	-	-	-	-	-	-	-	-	(128,989)
Trade and other payables	(25,265)	9,864	(51,754)	(1,457)	-	-	-	-	(43,347)	(68,612)
Deferred tax liabilities	(19,474)	9	-	-	-	8,459	-	-	8,468	(11,006)
Provisions	-	1,072	-	-	(9,514)	-	-	-	(8,442)	(8,442)
	(173,728)	10,945	(51,754)	(1,457)	(9,514)	8,459	-	-	(43,321)	(217,049)
Total liabilities	(389,686)	19,005	(45,976)	(337)	(9,254)	(3,301)	624	41	(39,198)	(428,884)
Net assets	235,758	(2,685)	(51,616)	(8,241)	(6,428)	(11,499)	(3,493)	(1,120)	(85,082)	150,676

Equity

Share capital	3,793	-	-	-	-	-	-	-	-	3,793
Share premium	146,002	-	-	-	-	-	-	-	-	146,002
Merger reserve	7,950	-	-	-	-	-	-	-	-	7,950
Translation reserve	79	-	-	-	-	-	-	-	-	79
Own shares	(2,700)	-	-	-	-	-	-	-	-	(2,700)
Share option reserve	2,758	-	-	-	-	-	-	-	-	2,758
Retained earnings	77,876	(2,685)	(51,616)	(8,241)	(6,428)	(11,499)	(3,493)	(1,120)	(85,082)	(7,206)
Total equity	235,758	(2,685)	(51,616)	(8,241)	(6,428)	(11,499)	(3,493)	(1,120)	(85,082)	150,676
Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Total equity	235,758	(2,685)	(51,616)	(8,241)	(6,428)	(11,499)	(3,493)	(1,120)	(85,082)	150,676

	Previously reported 30 November 2017 £'000	Speedy reclassification as an associate £'000	Lease Incentives £'000	Lease Accounting £'000	Dilapidations £'000	Other £'000	IFRS 9 £'000	IFRS 15 £'000	Total prior year adjustments £'000	Restated 30 November 2017 £'000
Assets										
Non-current assets										
Property, plant and equipment	59,979	(56)	-	-	1,477	(1,030)	-	-	392	60,371
Goodwill	172,353	(9,242)	-	(7,904)	-	1	-	-	(17,146)	155,207
Intangible assets	99,147	(8,912)	-	-	-	-	-	-	(8,912)	90,235
Investments in equity accounted investees	1,276	7,288	-	-	-	-	-	-	7,288	8,564
Deferred tax asset	5,976	-	-	-	-	6,294	-	-	6,294	12,270
	338,731	(10,922)	-	(7,904)	1,477	5,265	-	-	(12,084)	326,647
Current assets										
Inventories	2,396	-	-	-	-	-	-	-	-	2,396
Trade and other receivables	148,979	(4,493)	-	-	657	(2,875)	(1,140)	-	(7,851)	141,128
Corporation Tax	(2,770)	-	-	-	-	-	-	-	-	(2,770)
Cash and cash equivalents	11,936	(159)	-	-	-	-	-	-	(159)	11,777
	160,541	(4,652)	-	-	657	(2,875)	(1,140)	-	(8,010)	152,531
Total assets	499,272	(15,574)	-	(7,904)	2,134	2,389	(1,140)	-	(20,094)	479,178
Liabilities										
Current liabilities										
Loans and borrowings	(7,767)	671	-	-	-	-	-	-	671	(7,096)
Trade and other payables	(128,218)	2,295	(1,922)	-	-	266	-	(95)	544	(127,674)
Current tax liability	-	-	-	-	-	-	-	-	-	-
Provisions	(3,434)	-	-	-	-	(5,436)	-	-	(5,436)	(8,870)
	(139,419)	2,966	(1,922)	-	-	(5,170)	-	(95)	(4,221)	(143,640)
Non-current liabilities										
Loans and borrowings	(113,666)	-	-	-	-	-	-	-	-	(113,666)
Trade and other payables	(18,822)	10,879	(27,395)	21	-	-	-	-	(16,496)	(35,318)
Deferred tax liabilities	(14,977)	(1,444)	-	-	-	-	-	-	(1,444)	(16,421)
Provisions	-	315	-	-	(7,863)	-	-	-	(7,548)	(7,548)
	(147,465)	9,750	(27,395)	21	(7,863)	-	-	-	(25,488)	(172,953)
Total liabilities	(286,884)	12,716	(29,317)	21	(7,863)	(5,170)	-	(95)	(29,708)	(316,592)
Net assets	212,388	(2,858)	(29,317)	(7,883)	(5,729)	(2,781)	(1,140)	(95)	(49,803)	162,585

Equity										
Share capital	3,579	-	-	-	-	-	-	-	-	3,579
Share premium	117,257	-	-	-	-	-	-	-	-	117,257
Merger reserve	7,950	-	-	-	-	-	-	-	-	7,950
Translation reserve	(487)	-	-	-	-	-	-	-	-	(487)
Own shares	(2,700)	-	-	-	-	-	-	-	-	(2,700)
Share option reserve	1,079	-	-	-	-	-	-	-	-	1,079
Retained earnings	85,710	(2,858)	(29,317)	(7,883)	(5,729)	(2,781)	(1,140)	(95)	(49,803)	35,907
Total equity	212,388	(2,858)	(29,317)	(7,883)	(5,729)	(2,781)	(1,140)	(95)	(49,803)	162,585
Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Total equity	212,388	(2,858)	(29,317)	(7,883)	(5,729)	(2,781)	(1,140)	(95)	(49,803)	162,585

Glossary

Term	Definition
Accounts	The financial statements of the Group and/or the Company, as appropriate
Admission	The admission of the issued ordinary shares to trading on AIM that became effective on 25 April 2017
ADR	The European Agreement concerning the International Carriage of Dangerous Goods by Road
AGM	Annual general meeting of the Company
AIM	Alternative Investment Market of the London Stock Exchange
APMs	Alternative Performance Measures
Board	Board of Directors of the Company
Brexit	A reference to the UK's referendum decision to leave the European Union
CAGR	Compound annual growth rate
CGU	Cash Generating Unit
Company	Eddie Stobart Logistics plc a public limited company incorporated in England and Wales with registered 08922456
DBAY	DBAY Advisors Limited and/or any fund(s) or entity(ies) managed or controlled by DBAY Advisors Limited as appropriate in the relevant context
DBAY Transaction	On 9 December 2019 DouglasBay Capital III Fund LP, a fund managed by DBAY Advisors Limited completed the acquisition of an indirect 51% equity stake in Greenwhitestar Acquisitions Limited, the holding company of the Eddie Stobart trading entities (including Eddie Stobart Limited, iForce Group Limited and The Pallet Network Limited).
Directors	The Directors of the Company as at the date of this document
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eddie Stobart business	The group of companies of which Greenwhitestar Acquisitions Limited is the operational holding company which includes the following Eddie Stobart trading entities; Eddie Stobart Limited, iForce Limited, The Pallet Network Limited and The Logistic People Limited.
EPS	Earnings per share
Executive Directors	Alex Laffey, Damien Harte, Anoop Kang and Sebastian Desreumaux
FY18	Financial Year ended 30 November 2018
FY19	Financial Year ended 30 November 2019
Group	The Company and its subsidiaries as at 30 November 2019
GWSA	Greenwhitestar Acquisitions Limited, the operational holding company of the Eddie Stobart businesses.
HGV	Heavy Goods Vehicle
HSQA	Health, Safety, Quality and Assurance
HY18	Six month period ended 31 May 2018
HY19	Six month period ended 31 May 2019
IAS	International Accounting Standards
iForce/iForce Group	iForce Group Limited, a subsidiary of the Company as at 30 November 2019.
IFRS	International Financial Reporting Standards
IPO	The initial public offering of ordinary shares resulting in the Admission

LTIP	The Long Term Incentive Plan
MIB	Manufacturing Industrial and Bulk
MIP	Management Incentive Plan
Ordinary Shares/Shares	Ordinary shares of £0.01 each in the capital of the Company
PIK loan facility	Loan of £55m used to effect the DBAY transaction, which carries interest at 18% compounding quarterly, maturing in November 2025.
PWC	The Company and Group's auditor
RFC	Regional Fulfilment Centre
QCA	Quoted Companies Alliance
QCA Governance Code	QCA Corporate Governance Code for Small and Mid-Size Quoted Companies published by the QCA
Sectors	The Group divides its business up into sectors, comprising of Retail, Consumer, E-Commerce, Manufacturing Industrial and Bulk (MIB) and Other
SIP	Share Incentive Plan
Speedy Freight	Puro Ventures limited, an investee company of the Group as at 30 November 2019 that trades as Speedy Freight
The Logistics People	The trading name of TLP
Trading group	The Eddie Stobart trading companies of which GWSA is the operational holding company.
TLP	The Logistic People
TPN	The Pallet Network
UK GAAP	UK Generally Accepted Accounting Principles