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**THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.8 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "TAKEOVER CODE") AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE TAKEOVER CODE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**FOR IMMEDIATE RELEASE**

14 November 2019

**Eddie Stobart Logistics plc**

**("Eddie Stobart", the "Company" or the "Group")**

**Company Update, Offer Update and £55m injection of new financing**

Eddie Stobart Logistics plc (AIM: ESL), a leading UK end-to-end supply chain, transport and logistics group, today provides an update on its position following its announcement of 16 September 2019.

The preparation of the interim financial results (the "**HY19 Interim Results**") for the six months to 31 May 2019 ("**HY19**") remains ongoing, and the Group's auditors are continuing their review. Whilst information continues to be provided to the Group's auditors, there is no certainty as to when the Company will be able to publish its HY19 Interim Results. In the meantime, the Company is today providing an update that it expects to recognise a number of adjustments in its HY19 Interim Results, and its previously reported Results.

The Board expects that the impact of these adjustments will now mean that EBIT for HY19 will represent a loss of not less than £12m, however Shareholders should note that losses could be higher. In addition, this is subject to ongoing review by the Group's auditors, which might give rise to material further adjustments. The Board believes that the Group's underlying operations have been trading profitably in the second half and the Board now expects EBIT for the full year of no more than £2m.

As a consequence of a reduction in EBIT, poor cash collection and the Company's historical dividend policy, net debt for year-end FY19 is expected to be approximately £200m, which the Board considers to be an unsustainable level for the Group. The combination of these items has led the Board to consider numerous potential options, including a sale of the Company, to ensure the continued viability of the Company.

The Board of Eddie Stobart also announces today that it has entered into a conditional sale and purchase agreement (the "**SPA**") with a wholly owned subsidiary of DouglasBay Capital III Fund LP (a fund managed by DBAY Advisors Limited) (the "**Fund**") whereby:

1. the Fund will indirectly acquire a 51% stake Greenwhitestar Acquisitions Limited, which is currently a wholly-owned Subsidiary of the Company and in turn holds the Company's interests in the trading entities of the Group; and
2. DBAY will agree to (directly or indirectly) inject approximately £55m of new financing into the Group's operations through a PIK Facility, which will be used to provide necessary liquidity.

(the "**Proposed Transaction**").

The Proposed Transaction is subject to a number of conditions including Shareholder Approval (including for the purposes of Rule 21.1 of the Takeover Code) at a General Meeting of the Company, which is anticipated to be held on or around 2 December 2019. A Circular with further details of the Proposed Transaction will be sent to Shareholders in due course.

As a consequence of the Proposed Transaction, DBAY confirms that it does not intend to make an offer for the entire issued and to be issued share capital of Eddie Stobart pursuant to Rule 2.7 of the Takeover Code. This is a statement to which Rule 2.8 of the Takeover Code applies (see “–No intention to bid statement”).

**Commenting on today’s announcement, Sébastien Desreumaux, CEO of Eddie Stobart said:**

*“We are undertaking a thorough review of the operations and, whilst this has highlighted a number of short-to-medium term challenges which the team and I are working determinedly to resolve, it has also reaffirmed my view that the Company, and its extensive operational capabilities and unique network, is anchored by strong underlying fundamentals with significant potential for the future. During the course of the year we have secured a number of customer wins and extensions, and in particular I am pleased to announce that our contract with Tesco has recently been renewed for a further 12 months up to March 2021. The Proposed Transaction announced today provides Eddie Stobart with the opportunity to move forward and look to deliver sustainable growth and profitability from a stable footing.”*

**Company Update**

*Interim Results*

On 16 September 2019, the Company stated that it expected the HY19 Interim Results to show revenues of approximately £450m, with EBIT for the same period expected to be in the range of £10 to £11m.

In addition, the Company stated that work was on-going to clarify the impact of certain accounting-related items following the Group’s review of the HY19 Interim Results.

The Board expects that the impact of these adjustments will now mean that revenue for HY19 will be approximately £435m and EBIT for HY19 will represent a loss of not less than £12m, however Shareholders should note that losses could be higher. In addition, this is subject to ongoing review by the Group’s auditors, which might give rise to material further adjustments.

*Property-related activities*

Since 2014, the Company’s focus has been 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. Since 2016, a material proportion of the Group’s profits have been derived from property related-transactions, with the Company acting as anchor tenant for completed developments, and receiving income from what it viewed as 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.

Since the Group’s announcement on 16 September 2019, the Board, having considered the past recognition of property-related revenue together with the relevant accounting standards, has concluded that a more appropriate way to account for these amounts is as lease incentives allocated *pro rata* to the relevant unexpired lease terms. This has the impact of reducing forecast EBIT for HY19 by approximately £12m (being £14m of profits on HY19 transactions previously expected to be recognised net of £2m of benefit from lease incentives now recognised, in HY19).

Additionally, approximately £17m and £33m derived from those activities for FY17 and FY18 (respectively) and approximately £13m prior to FY17 will need to be reversed and restated, and the amount related to these activities recognised over the life of the lease. This will result in a reduction in previously reported EBIT in those years and a net adjustment to the Group’s net assets at 1 December 2018 of c. £48m, inclusive of an estimated tax reduction of c. £12m. This will also mean 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.

### *Other accounting adjustments*

The Board has identified a number of other accounting adjustments, inclusive of those assumed up to 16 September 2019, relating to balance sheet write-offs, provisions, lease accounting, cost accruals and implementation of new accounting standards, of not less than £21m which impact EBIT for HY19. Work is ongoing to determine the full impact for prior accounting periods, however the income statement impact is expected to be no less than £12m for FY18, and no less than £10m for earlier periods, which will result in the reduction of the previously reported profits.

### *Goodwill*

At 30 November 2018, the Group had goodwill valued at c. £190m on its balance sheet. Impairment testing has been undertaken as at 31 May 2019 and, subject to further sensitivity analysis and ongoing review, has indicated that goodwill will be impaired by no less than c. £50m. However Shareholders should note that the quantum of these impairments may be higher.

### *HY19 and FY19 guidance*

The Board believes that the underlying operations of the Company are trading profitably in the second half of the financial year. During the course of the year, the Group has secured a number of customer wins and extensions. Notably, the Company's contract with Tesco was renewed for a further 12 months to March 2021. The Board expects that EBIT for the full year to 30 November 2019 will be no more than £2m.

### *Working capital and balance sheet*

Significant revenue growth over the last three years has placed substantial demands on the Group's working capital, primarily as a result of set-up activities following new business wins. This has left the Group with cash constraints at certain points of the year. Net debt for year-end FY19 is expected to be approximately £200m.

As a consequence of increased debt and lower profitability the Group will not be able to comply with certain financial covenants. The Group has negotiated an extension of certain covenant testing requirements required from its lenders and another creditor until 29 November 2019 (conditional on the Company undertaking certain actions). The Group is in discussions to extend this period to enable the completion of the Proposed Transaction.

### *Steps taken to address these issues*

The Group's senior management team, led by Sébastien Desreumaux, is undertaking a wide-ranging review of the Group's operations with a view to improving operating margins and its overall financial performance, alongside reducing its immediate term debt levels.

The management team is focused on continuing to deliver excellent customer service and commitment, whilst simultaneously prioritising cash generation within the business. Actions to strengthen internal processes are underway and steps to improve cash collection have been taken. Taking into account current market conditions, the Company has identified significant savings to be implemented over the coming periods.

The Board, alongside its advisers, has been considering available strategic options in light of the reduction in EBIT, the substantial demands on working capital, immediate term debt levels and the delay in finalising the HY19 Interim Results. This has led the Board to consider numerous potential options, including a sale of the Company, to ensure the continued viability of the Company in the immediate term.

The financial results and position being communicated today assume that the Directors continue to adopt the going concern principle in the preparation of the HY19 Interim Results. The Proposed Transaction outlined below and the requirement for Shareholder Approval, the outcome of which cannot be determined, represent a material uncertainty that casts significant doubt over the Group's ability to continue as a going concern.

## Proposed Transaction

To provide stability and to ensure ongoing operating business, the Board announces today that it has entered into a conditional sale and purchase agreement with, *inter alios*, Marcelos, a wholly owned subsidiary of the Fund.

Under the terms of the SPA, the Company has, subject to Shareholder Approval at the General Meeting, agreed to dispose of the entire issued share capital of Greenwhitestar (which is currently wholly-owned by the Company and in turn directly or indirectly holds the Company's interests in the trading companies of the Group) to Alpha, in consideration for the issue to the Company of a £49 Alpha Loan Note, immediately following which, Marcelos will acquire the £49 Alpha Loan Note from the Company in consideration for the issue to the Company of ordinary shares in Marcelos comprising 49% of the enlarged issued share capital of Marcelos. The Company's existing Shareholders would therefore have (via their shareholding in the Company) a 49% interest in the operating business of Greenwhitestar, allowing them to participate in the future upside of the business of Greenwhitestar (see "Additional Information-Introduction" and "-Principal terms of the Proposed Transaction").

As part of the Proposed Transaction, the Fund has agreed that it will (directly or indirectly), upon Shareholder Approval at the General Meeting and prior to Completion, advance £55m in cash to Greenwhitestar through the PIK Facility and the issue by Greenwhitestar of the Loan Notes which will be subordinated to Greenwhitestar's other facilities and carry interest at an initial rate of 25% per annum between Shareholder Approval and Completion, and at a rate of 18% thereafter. One of the conditions to Completion is the receipt of an approval from the FCA in regards for the change of control of the entity that holds, or relinquishment of, the Group's consumer credit licence, the interest rate will reduce to 18%.

Immediately following Completion, the Company shall procure that the Board shall comprise the following: Saki Riffner; and three others, two of whom shall be nominated by the Company and one nominated by Marcelos; and three of whom shall meet the necessary criteria for independence in accordance with applicable standards of corporate governance.

Sébastien Desreumaux will remain in his position as Chief Executive Officer of the Group and will join the board of Greenwhitestar. Anoop Kang, Chief Financial Officer of the Group will step down from the Board of the Company, and will be appointed to the board of Greenwhitestar. They will be joined by new directors to be appointed to the board of Greenwhitestar, including William Stobart, who is a former executive Chairman of the Group, with extensive experience in the logistics and distribution sector; Michael Branigan, Geoffrey Bicknell and Saki Riffner, who have extensive experience in the logistics and distribution sector and significant knowledge of the Group's operations; as well as an independent non-executive approved by the lenders of Greenwhitestar.

### *Conditions*

The Proposed Transaction is subject to a number of conditions, including, *inter alia*, Shareholder Approval at a General Meeting of the Company (including for purposes of Rule 21.1 of the Takeover Code) which is anticipated to be held on or around 2 December 2019, and receipt of approval from the FCA for the change of control of the entity that holds, or relinquishment of, the Group's consumer credit licence, which will likely result in Completion occurring at a point in time after the Shareholder Approval.

In addition, the Proposed Transaction is subject to certain other conditions contained within the SPA, including reaching final agreement with the Company's existing lenders on terms to continue providing financing facilities to the Group. In this regard DBAY is in advanced negotiations with the Company's existing lenders.

### *Termination*

The Company has the right to terminate the SPA and the Proposed Transaction in the event that prior to Shareholder Approval at the General Meeting a firm intention to make an offer for the entire issued and to be issued Share capital of the Company is announced pursuant to Rule 2.7 of the Takeover

Code. The Fund has the right to terminate the SPA and the Proposed Transaction in the event that there is an insolvency event in relation to the Group prior to Completion.

#### *Board recommendation*

The Board of Eddie Stobart believes that the liquidity achieved through the Proposed Transaction is necessary to ensure that the Company can continue to meet its obligations to its customers and suppliers and safeguard the long-term future of the business and its employees, and is in the best interests of the Company and its Shareholders as a whole (see "Additional Information–Background to and reasons for the Proposed Transaction–Options for the Group").

**The Board considers the Proposed Transaction to be in the best interests of the Company and its Shareholders as a whole.**

**The Directors therefore unanimously recommend that the Shareholders vote in favour of the Resolution to approve the Proposed Transaction, as those Directors who hold Shares intend to do in respect of their own beneficial Shareholdings.**

#### *No intention to bid statement*

As a consequence of the Proposed Transaction, DBAY confirms that it does not intend to make an offer for the entire issued and to be issued share capital of Eddie Stobart pursuant to Rule 2.7 of the Takeover Code. This is a statement to which Rule 2.8 of the Takeover Code applies.

Under Note 2 on Rule 2.8 of the Takeover Code, DBAY reserves the right to announce an offer or possible offer for Eddie Stobart or participate in an offer or possible offer for Eddie Stobart or take any other action which would otherwise be restricted under Rule 2.8 of the Takeover Code within six months from the date of this announcement in the following circumstances: (i) with the consent of the Board of Eddie Stobart; (ii) if a third party (including Wincanton) announces a firm intention to make an offer for Eddie Stobart; (iii) if Eddie Stobart announces a "whitewash" proposal or a reverse takeover; or (iv) if the Takeover Panel determines there has been a material change of circumstances.

This statement is made with the consent of DBAY.

#### **Enquiries**

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<b>Berenberg (Joint Broker to Eddie Stobart)</b> Chris Bowman / Toby Flaux / Simon Cardron	<b>(0)20 3207 7800</b>
<b>FTI Consulting (PR adviser to Eddie Stobart)</b> Nick Hasell / Alex Le May / Matthew O'Keeffe	<b>(0)20 3727 1340</b>
<b>Investec (Financial Adviser to DBAY)</b> Gary Clarence / Edward Thomas	<b>(0)20 7597 4000</b>
<b>Temple Bar Advisory (PR adviser to DBAY)</b> Alex Child-Villiers / William Barker	<b>(0)20 7975 1415</b>

## Notice related to advisers

N.M. Rothschild & Sons Limited ("**Rothschild & Co**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Eddie Stobart and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Eddie Stobart for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.

Centos Securities plc ("**Centos Securities**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Eddie Stobart and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Eddie Stobart for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.

Joh. Berenberg, Gossler & Co. KG, London Branch ("**Berenberg**"), which is authorised and regulated by the German Federal Financial Supervisory Authority and subject to limited regulation by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Eddie Stobart and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Eddie Stobart for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.

Investec Bank plc ("**Investec**"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for DBAY Advisors Limited and for no one else in connection with the Proposed Transaction and/or with the subject matter of this announcement and will not be responsible to anyone other than DBAY Advisors Limited for providing the protections afforded to its clients or for providing advice in connection with the Proposed Transaction and/or with the subject matter of this announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on Investec by the Financial Services and Markets Act 2000, as amended, or the regulatory regime established thereunder neither Investec nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Investec in connection with the Proposed Transaction and/or with the subject matter of this announcement.

## Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4). Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

## **Rule 26.1 disclosure**

In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement will be available (subject to certain restrictions relating to persons resident in restricted jurisdictions) at [www.eddiestobart.com](http://www.eddiestobart.com) by no later than 12 noon (London time) on the business day following the date of this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to this announcement or otherwise. Any offer, if made, will be made solely by certain offer documentation which will contain the full terms and conditions of any offer, including details of how it may be accepted. The distribution of this announcement in jurisdictions other than the United Kingdom and the availability of any offer to Shareholders of Eddie Stobart who are not resident in the United Kingdom may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom or Shareholders of Eddie Stobart who are not resident in the United Kingdom will need to inform themselves about, and observe any applicable requirements.

## **Additional Information**

### **1. Introduction**

The Company has today entered into the SPA with, *inter alios*, Marcelos, and Alpha (special purpose vehicles with no prior trading history ultimately wholly-owned and controlled by the Fund), pursuant to which the Company has, subject to Shareholder Approval at the General Meeting, agreed to dispose of the entire issued share capital of Greenwhitestar (which is currently wholly-owned by the Company and in turn directly or indirectly holds the Company's interests in the trading companies of the Group) to Alpha, in consideration for the issue to the Company of a £49 Alpha Loan Note, immediately following which, Marcelos will acquire the £49 Alpha Loan Note from the Company in consideration for the issue to the Company of ordinary shares in Marcelos comprising 49% of the enlarged issued share capital of Marcelos. The Company's existing Shareholders would therefore have (via their shareholding in the Company) a 49% interest in the operating business of Greenwhitestar, allowing them to participate in the future upside of the business of Greenwhitestar.

As part of the Proposed Transaction, the Fund has agreed that it will (directly or indirectly), upon Shareholder Approval at the General Meeting, advance £55m in cash to Greenwhitestar through the PIK Facility and the issue by Greenwhitestar of the Loan Notes which will be subordinated to Greenwhitestar's other facilities and carry interest at an initial rate of 25% per annum. At Completion, which will likely occur at a point in time after Shareholder Approval due to the need for an approval from the FCA in regards for the change of control of the entity that holds, or relinquishment of, the Group's consumer credit licence, the interest rate will reduce to 18%.

On Completion of the Proposed Transaction, as it will become an indirect 49% shareholder of Greenwhitestar, the Company will cease to own, control or conduct all or substantially all, of its existing trading business, activities or assets and the Company will become a cash shell for the purposes of

AIM Rule 15. Therefore, in accordance with AIM Rule 15, the Proposed Transaction constitutes a fundamental change of business of the Company, requiring approval of a majority of Shareholders at the General Meeting before it can proceed. Additionally, in accordance with Rule 21.1 of the Takeover Code, the Proposed Transaction may be considered a frustrating action and may not be entered into without the approval of a majority of Shareholders at the General Meeting. Accordingly, Completion of the Proposed Transaction is conditional upon, *inter alia*, approval by the Shareholders by the passing of Resolution 1 at the General Meeting.

A notice convening the General Meeting to consider the Resolutions will be set out in the Shareholder Circular.

**Resolution 1, relating to the approval of the Proposed Transaction, must be passed by Shareholders at the General Meeting in order for the Proposed Transaction to proceed. Shareholders should be aware that if the Proposed Transaction is not Completed, there is no guarantee that an alternative transaction to secure additional sources of funding or to sell the business or the Company would be completed sufficiently quickly, or on better terms, or at all, with the result that the Group will have increasing difficulty in continuing trading.**

Resolution 2 grants the Directors authority to allot and issue new Shares up to a maximum aggregate nominal value of £75,000,000, in order to ensure that the Company has flexibility to issue additional Shares to facilitate a potential capital raising in the event the Proposed Transaction is not completed for any reason.

Further information regarding the Proposed Transaction and the Company's current trading and prospects is set out herein.

**The Board considers the Proposed Transaction to be in the best interests of the Company and its Shareholders as a whole.**

**The Directors therefore unanimously recommend that the Shareholders vote in favour of the Resolution to approve the Proposed Transaction, as those Directors who hold Shares intend to do in respect of their own beneficial Shareholdings.**

## **2. Background to and reasons for the Proposed Transaction**

### **Results of operations**

#### *Background*

The recent financial performance of the operating business of the Group as set out in the Group's FY18 annual report and accounts stated that the Group's revenue for FY18 was £843.1m, with EBIT of £55.3m, and profit before tax of £23.6m.

On 23 August 2019, and subsequently on 16 September 2019, the Company announced, amongst other things, that work was on-going to clarify the impact of certain accounting-related items following the Group's review of the HY19 Interim Results, and that it expected that revenue for HY19 will be approximately £450m and EBIT for the same period is expected to be in the range of £10m – £11m. The Group also announced that the ongoing review would result in a delay to the publication of the HY19 Interim Results.

Pending clarification of its financial position, the Group applied to suspend trading of the Company's ordinary shares on AIM, effective from 7.30 a.m. on 23 August 2019.

#### *Property-related activities*

Since 2014, the Company's focus has been 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. Since 2016, a material proportion of the Group's profits have been derived from property related-transactions, with the Company acting as anchor tenant for completed developments, and receiving income from what it viewed as 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.

Since the Group's announcement on 16 September 2019, the Board, having considered the past recognition of property-related revenue together with the relevant accounting standards, has concluded that a more appropriate way to account for these amounts is as lease incentives allocated *pro rata* to the relevant unexpired lease terms. This has the impact of reducing forecast EBIT for HY19 by approximately £12m (being £14m of profits on HY19 transactions previously expected to be recognised net of £2m of benefit from lease incentives now recognised, in HY19).

Additionally, approximately £17m and £33m derived from those activities for FY17 and FY18 (respectively) and approximately £13m prior to FY17 will need to be reversed and restated, and the amount related to these activities recognised over the life of the lease. This will result in a reduction in previously reported EBIT in those years and a net adjustment to the Group's net assets at 1 December 2018 of c. £48m, inclusive of an estimated tax reduction of c. £12m. This will also mean 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.

#### *Other accounting adjustments*

The Board has identified a number of other accounting adjustments, inclusive of those assumed up to 16 September 2019, relating to balance sheet write-offs, provisions, lease accounting, cost accruals and implementation of new accounting standards, of not less than £21m which impact EBIT for HY19. Work is ongoing to determine the full impact for prior accounting periods, however the income statement impact is expected to be no less than £12m for FY18, and no less than £10m for earlier periods, which will result in the reduction of the previously reported profits.

#### *Goodwill*

At 30 November 2018, the Group had goodwill valued at c. £190m on its balance sheet. Impairment testing has been undertaken as at 31 May 2019 and, subject to further sensitivity analysis and ongoing review, has indicated that goodwill will be impaired by no less than c. £50m. However Shareholders should note that the quantum of these impairments may be higher.

#### *HY19 and FY19 guidance*

The Board believes that the underlying operations of the Company are trading profitably in the second half of the financial year. During the course of the year, the business has secured a number of customer wins and extensions. Notably, the Company's contract with Tesco was renewed for a further 12 months to March 2021. The Board expects that EBIT for the full year to 30 November 2019 will be no more than £2m.

The Company's statements above constitute a profit estimate for HY19 and a profit forecast for FY19 in each case for the purposes of the Takeover Code. However Shareholders should note that work is ongoing in order to clarify certain accounting-related items following the Group's review of the unaudited HY19 Interim Results, which has resulted in a delay to the publication of such results. The Company is unable at this time to provide any guidance as to when the HY19 Interim Results will be published. The Company is therefore currently unable to comply with the third-party audit requirements associated with providing a quantified profit forecast and profit estimate that would normally be required under Rule 28 of the Takeover Code, and does not expect to be in a position to do so by the date of the General Meeting. In view of this, and of the importance of the Company not delaying the announcement of the Proposed Transaction, the Takeover Panel Executive has exceptionally consented to the publication of the statements above notwithstanding that they do not satisfy the requirements of the Takeover Code. In the event that the Company is able to publish its HY19 Interim Results during the Offer Period, the Company will be required, save with the consent of the Takeover Panel Executive, to publish reports in compliance with Rule 28 for the profit forecast set out above in respect of FY19.

### ***Working capital and balance sheet***

The Group revenue has grown significantly over the last three years. Set-up activities following new business wins, particularly in road transport, have continued to place substantial demands on the Group's working capital as customer payment terms can be significantly longer than the payment terms associated with the Group's principal delivery activities.

The balance sheet position of the Group has been further impacted by the reduction in EBIT, poor cash collection and its historical dividend policy. The Company has stated that consequently, the Company is relying more heavily on its available debt facilities and, accordingly, net debt for year-end FY19 is expected to be approximately £200m.

The Group expects to experience a liquidity shortfall by the end of December 2019 which will result in the Group being unable to fund its trading activities and being reliant on additional support from its lenders which, if it is not forthcoming, may result in the insolvency of the Company unless the Group is able to find funding either through equity, debt or from a sale of the business prior to the liquidity shortfall.

The Group has negotiated an extension of certain testing requirements required from its lenders and another creditor until 29 November 2019 (conditional on the Company undertaking certain actions). The Group is in discussions to extend this period to enable the Completion of the Proposed Transaction.

### ***Steps taken to address these issues***

The Group's senior management team, led by Sébastien Desreumaux, has been undertaking a wide-ranging review of the Group's operations with a view to improving operating margins and its overall financial performance, alongside reducing its immediate term debt levels.

The management team is focused on continuing to deliver excellent customer service and commitment, whilst simultaneously prioritising cash generation within the business. Actions to strengthen internal processes are underway and steps to improve cash collection have been taken. Taking into account current market conditions, the Company has identified significant savings to be implemented over the coming periods.

### ***Outlook***

The Company has seen significant growth in its operational capabilities over the past two years, providing end-to-end supply chain solutions, and securing a number of customer wins and extensions..

The Group's core business remains a solid business with a robust customer base and look to deliver sustainable growth and profitability. The Company's current financial position has resulted from a confluence of issues, the consequences of which the Board would expect will unwind over the next few years. However, the immediate term debt levels, EBIT reduction and working capital demands have left the Company with few options to ensure the viability of the Company.

The Board remains confident in the strength of the Company's network and operational capabilities in providing a full end-to-end supply chain solution to its customers.

### ***Possible offers***

On 9 September 2019, the Group announced that it had received a preliminary expression of interest from DBAY in relation to a possible offer to be made by funds managed by DBAY for the entire issued, and to be issued, share capital of the Company.

On 18 September 2019, the Board confirmed that it had received a highly preliminary expression of interest from TVFB, a company controlled by Andrew Tinkler, in relation to a possible offer for the entire issued and to be issued share capital of the Company. On 16 October 2019, the Board confirmed that it had not received any proposal from TVFB regarding a possible offer for the Company, and that accordingly, TVFB had confirmed to the Company that it no longer intended to make an offer for the Company. The No Intention to Bid Statement referred to in the announcement of 16 October 2019 is a

statement to which Rule 2.8 of the Takeover Code applies and was made with the consent of TVFB. TVFB has indicated that it continues to look at a proposal for a consortium to provide equity funding into the Group, but at this time no definitive proposal has been made by TVFB to the Company as to the terms of any potential funding, and there can be no certainty that any equity capital raising will proceed or that existing Shareholders will be offered the opportunity to participate in an equity capital raising.

On 18 October 2019, the board of Wincanton announced that it is currently undertaking a due diligence exercise on the Group and its assets, in order to enable it to assess the potential merits of a combination. The Board announced that it had noted the statement by Wincanton and confirmed that it has granted due diligence access to Wincanton to assess the potential merits of a combination, however, no proposal has been made by Wincanton to the Company as to the terms of any potential offer, and there can be no certainty that any offer will be made or as to the terms of any offer to the Shareholders will be made.

Finally, DBAY confirms that it does not intend to make an offer for the entire issued and to be issued share capital of Eddie Stobart pursuant to Rule 2.7 of the Takeover Code.

This is a statement to which Rule 2.8 of the Takeover Code applies.

Under Note 2 on Rule 2.8 of the Takeover Code, DBAY reserves the right to announce an offer or possible offer for Eddie Stobart or participate in an offer or possible offer for Eddie Stobart or take any other action which would otherwise be restricted under Rule 2.8 of the Takeover Code within six months from the date of this announcement in the following circumstances: (i) with the consent of the Board of Eddie Stobart; (ii) if a third party (including Wincanton) announces a firm intention to make an offer for Eddie Stobart; (iii) if Eddie Stobart announces a "whitewash" proposal or a reverse takeover; or (iv) if the Takeover Panel determines there has been a material change of circumstances.

This statement is made with the consent of DBAY.

### ***Options for the Group***

The Board believes that it is faced with the following situation:

- The Group will face increasing difficulty in being able to continue to trade or invest in the development of its trading business without a significant injection of new liquidity.
- The Group will be unable to comply with the financial covenants contained in its Facilities, including the Credit Facility, and will require relief from its lenders. The Group does not believe it would be able to obtain replacement debt facilities given the issues that otherwise surround it and its financial performance.
- The Board has considered undertaking a new equity raise from existing and new Shareholders but has concluded that the Proposed Transaction is likely to offer a quicker route to ensuring financial stability. In addition, trading in the Company currently remains suspended pending the release by the Company of its HY19 Interim Results. It is highly likely that institutional equity investors would require the suspension to be lifted prior to making any investment which the Board does not expect to occur in the immediate future.
- An offer from DBAY for the entire issued and to be issued share capital of the Company has not been forthcoming and Wincanton has not as of the date of this announcement made an offer or made a firm proposal to the Company or entered into detailed discussions with the Company as to the terms of a potential offer. Further, any offer for the issued share capital of the Company under the Takeover Code would take longer than the Proposed Transaction to complete.
- The Company will require the funding of significant working capital requirements in late December.

Having considered the alternatives in detail with its advisers, including the possibility of effecting an administration or liquidation of the Group in a manner that maximises the cash available for distribution to Shareholders, the Board has concluded that the best option for Shareholders to retain an economic interest in, and ensure the continuing viability of the Group's underlying business, is to enter into the Proposed Transaction.

The Proposed Transaction provides an opportunity for Shareholders to maintain a holding in a quoted company with public reporting requirements, and to participate in the potential upside if dividends are resumed or if the Company or business or assets of the Company are sold in the future. In order for there to be material return for Shareholders on a sale of the business or assets, the business or assets will need to be valued at an amount in excess of its debt, including the Credit Facility, the Loan Notes and any interest accrued on them.

In addition, among the options that have been considered, the Proposed Transaction provides the highest level of certainty regarding completion and costs among the options considered.

### 3. Principal terms of the Proposed Transaction

#### SPA

Under the terms of the SPA, the Company has agreed to dispose of the entire issued share capital of Greenwhitestar (which is currently wholly-owned by the Company and in turn directly or indirectly holds the Company's interests in the trading companies of the Group) to Alpha, in consideration for the issue to the Company of a £49 Alpha Loan Note, immediately following which, Marcelos will acquire the £49 Alpha Loan Note from the Company in consideration for the issue to the Company of ordinary shares in Marcelos, comprising 49% of the enlarged issued share capital of Marcelos.

Completion is conditional, *inter alia*, on the passage of Resolution 1 at the General Meeting.

The principal terms of the SPA are as follows:

- i. **Consideration** – the consideration under the SPA is, ultimately, the issue to the Company of ordinary shares in Marcelos comprising 49% of the enlarged issued share capital of Marcelos.
- ii. **Conditions** – the SPA is conditional, *inter alia*, upon the passage of Resolution 1 at the General Meeting, the Pre-Completion Reorganisation being accomplished, and entry into long-form documentation with the Group's lenders in relation to the Group's banking arrangements. Further, one of the Group's operating subsidiaries currently holds a regulatory permission under FSMA from the FCA to intermediate consumer credit transactions entered into by drivers employed by the Group to finance their training as drivers of heavy goods vehicles. Accordingly, since the Proposed Transaction results in an indirect change of control of that entity, the SPA is conditional upon the receipt an approval from the FCA in regards for the change of control of, or relinquishment of, the Group's consumer credit licence.
- iii. **Completion long-stop date** – one month following execution of the SPA (as may be extended by Marcelos).
- iv. **Warranties** – the SPA contains standard warranties as to capacity and authority and title from the Company, and a further warranty that no material assets of the Group remain at the level of the Company, save for sufficient retained cash to fund the operating expenses of the Company.
- v. **Pre-Completion Covenants** – the SPA contains pre-completion covenants, including covenants that the Group shall not acquire or dispose of any material assets, reorganise the material parts of its business, enter into any material indebtedness, declare dividends or other distributions, or create any material encumbrance over the assets of the Group, prior to Completion.

- vi. **Termination** – the Company has the right to terminate the SPA and the Proposed Transaction in the event that prior to Shareholder Approval at the General Meeting a firm intention to make an offer for the entire issued and to be issued Share capital of the Company is announced pursuant to Rule 2.7 of the Takeover Code. The Fund has the right to terminate the SPA and the Proposed Transaction in the event that there is an insolvency event in relation to the Group prior to Completion.

In the event the Proposed Transaction is Completed, the existing Shareholders of the Company (including the Fund) will indirectly through the Group own 49% of the operating entities of Greenwhitestar, with the remainder owned by the Fund.

### **PIK Facility**

As part of the Proposed Transaction, the Fund has agreed that it will (directly or indirectly), upon Shareholder Approval at the General Meeting, advance £55m in cash to Greenwhitestar through the PIK Facility and the issue by Greenwhitestar of the Loan Notes which will be subordinated to Greenwhitestar's other facilities and carry interest at an initial rate of 25% per annum. At Completion, which will likely occur at a point in time after Shareholder Approval due to the need for an approval from the FCA in regards for the change of control of the entity that holds, or relinquishment of, the Group's consumer credit licence, the interest rate will reduce to 18%.

Greenwhitestar shall then use these funds to repay £35m of the Credit Facility in stages according to various fixed and variable milestones and in full by no later than August 2021. The balance will be available to the Group for working capital and to fund costs and expenses, including in relation to the Proposed Transaction.

### **Shareholder Agreement**

On Completion, the Fund shall enter into the Shareholder Agreement with the Company and Marcelos to set out certain agreements with respect to the management and operation of Marcelos and its Subsidiaries under which the Parties shall agree, *inter alia*, that:

- i. the Company shall have a right of first offer in relation to the issue of any new equity in Marcelos;
- ii. no material change in the nature of the business or solvent liquidation or winding up of Marcelos shall be undertaken without the consent of the Company;
- iii. Marcelos shall provide such information to the Company as permits the Company to continue to meet its regulatory reporting requirements; and
- iv. any dispute between the Fund and Marcelos is passed to and dealt with by the Board.

The Shareholder Agreement shall terminate (i) on written agreement of the Parties, (ii) in the event that one Shareholder becomes insolvent and (iii) automatically in the event there remains only one Shareholder. Certain terms of the Shareholder Agreement shall terminate if an investment management agreement is not entered into between DBAY and the Company within six months of the execution of the Shareholder Agreement.

Further, the Shareholder Agreement shall provide that for so long as the Shareholder Agreement is in place, Marcelos shall (or shall procure that a member of its group shall) provide funding to the Company up to a cap so as to allow the Company to meet its general and administrative costs.

### **Structure following the Proposed Transaction**

Following Completion of the Proposed Transaction, the Company will become a cash shell under AIM Rule 15 and as such will be required to either make an acquisition (or acquisitions) which constitutes a reverse takeover under AIM Rule 14 on or before the date falling six months from completion of the Disposal or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6m) failing which, the Company's Shares would be suspended from

trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.

In the event the Company were to convert to an AIM investing company, the Fund would propose to enter into an investment management agreement with the Company (subject to Shareholder Approval) and the Company would appoint a new, independent Board such that the mandate of the Group going forward shall be to co-invest alongside the DBAY funds in private equity deals across Europe.

### ***New funding***

The Proposed Transaction is conditional on the ongoing provision of existing banking facilities and an additional revolving credit facility as follows:

- The ongoing provision of the £124m term loan which will be extended to November 2024 and subject to repayment of £35m in stages by August 2021;
- The ongoing provision of the £100m invoice discount facility; and
- The provision of an incremental £20m revolving credit facility to be made available at the same time as the £55m PIK notes are issued.

The Company is in advanced negotiations with the lenders on these facilities.

#### **4. Information on DBAY**

DBAY is a pan-European asset manager and investor in public and private securities. DBAY funds are Shareholders in the Company, owning 10.72% of the Shares outstanding, and the management team of DBAY owns another 2.15% of the outstanding Share capital of the Company.

The DBAY team has significant experience in investing in the logistics sector. Between 2008 and 2011 the DBAY team owned and managed TDG, a UK-based contract logistics business with over £700m turnover and 7,000 employees across Europe. From 2014 until its initial public offering in April 2017, the DBAY team was the lead investor in Eddie Stobart.

#### **5. AIM Rule 13 – related party transaction**

The Fund is considered to be a related party to the Company by virtue of DBAY being a “substantial shareholder” as defined in the AIM Rules, and Marcelos is also a related party as an associate of the Fund for the purpose of the AIM Rules. As such, the Fund’s participation in the Proposed Transaction is deemed to be a related party transaction as per AIM Rule 13.

The Directors, having consulted with the Company’s Nominated Adviser, Cenkos Securities, consider that the terms of the participation of the Fund and Marcelos in the Proposed Transaction are fair and reasonable insofar as the Shareholders are concerned.

The Directors have also taken into account the principal risk factors that they have identified with respect to the Proposed Transaction and which will be set out in the Shareholder Circular.

#### **6. AIM Rule 15 – fundamental change of business**

In accordance with AIM Rule 15, the Proposed Transaction constitutes a fundamental change of business of the Company. On Completion, the Company would cease to own, control or conduct all or substantially all, of its existing trading business, activities or assets, and therefore requires the approval of the Shareholders by passage of the Resolutions at the General Meeting.

The following information is required under Schedule 4 of the AIM Rules:

- Greenwhitestar, being the asset subject to the transaction, is the main holding company of the operational businesses of the Group and is therefore involved in the provision of UK-based end-to-end supply chain, transport and logistics.

- As Greenwhitestar is the main holding company of the operational businesses of the Group the profits attributable to it are effectively those of the Group being £16.2m profit after tax for FY18 and the net assets on that date were £235.8m.
- The funds received by the Company will be used to repay £35m of the Credit Facility in stages according to various fixed and variable milestones and in full by no later than August 2021. The balance will be available to the Group for working capital and to fund costs and expenses, including in relation to the Proposed Transaction.
- The proposed disposal by the Company of the entire issued share capital of Greenwhitestar is ultimately in consideration for the issue to the Company of ordinary shares in Marcelos comprising 49% of the issued share capital of Marcelos. These shares will be retained by the Company.

## 7. Rule 21 of the Takeover Code – frustrating action

The Proposed Transaction would potentially be deemed to be a “frustrating action” to any offer which may be made for the Company by Wincanton, or any other party, pursuant to Rule 21.1 of the Takeover Code, and therefore requires the approval of the Shareholders by the passing of Resolution 1 at the General Meeting.

Pursuant to Rule 21.1(d) of the Takeover Code, the Board must obtain competent independent advice as to whether the financial terms of the Proposed Transaction are fair and reasonable and set out the substance of this advice, together with the Board’s views on the Proposed Transaction.

The Board, who have been so advised by Rothschild & Co as to the financial terms of the Proposed Transaction, consider the terms of the Proposed Transaction to be fair and reasonable.

In providing its advice to the Board, Rothschild & Co has taken into account the commercial assessments of the Directors of the Company. Rothschild & Co’s advice is provided for the purpose of Rule 21.1(d) of the Takeover Code.

## 8. Banking arrangements

The Group has obtained a temporary waiver under the Credit Facility (the “**Credit Facility Waiver**”) until 29 November 2019 (subject to certain early termination events) of certain obligations upon it and of certain defaults that might be alleged to have arisen under the Credit Facility by reason of the issues in relation to the Group and its financial circumstances described in this announcement (see “– Background to and reasons for the Proposed Transaction”), in each case so as to allow the Proposed Transaction to take place.

Contemporaneously with the Credit Facility Waiver being signed, the Group has obtained a written waiver similar to the Credit Facility Waiver in respect of another Facility, and written confirmation from the Group’s invoice discounting arrangements provider that it had no present intention to terminate these arrangements, whilst the Credit Facility Waiver is current.

If the Proposed Transaction does not take place, then these arrangements will expire, and the respective finance parties will be able to enforce their rights. If Completion of the Proposed Transaction does occur, then new, permanent waivers will be put in place as part of the Proposed Transaction, and the Credit Facility will be reinstated on new terms.

## 9. Proposed Board changes

Immediately following Completion, the Company shall procure that the Board shall comprise the following: Saki Riffner; and three others, two of whom shall be nominated by the Company and one nominated by Marcelos, and two of whom shall meet the necessary criteria for independence in accordance with applicable standards of corporate governance.

Sébastien Desreumaux will remain in his position as Chief Executive Officer of the Group and will join the board of Greenwhitestar. Anoop Kang, Chief Financial Officer of the Group will step down from the

Board of the Company, and will be appointed to the board of Greenwhitestar. They will be joined by new directors to be appointed to the board of Greenwhitestar, including William Stobart, who is a former executive Chairman of the Group, with extensive experience in the logistics and distribution sector; Michael Branigan, Geoffrey Bicknell and Saki Riffner, who have extensive experience in the logistics and distribution sector and significant knowledge of the Group's operations; as well as an independent non-executive approved by the lenders of Greenwhitestar.

## **10. General Meeting**

For the reasons explained herein, the Completion of the Proposed Transaction is conditional upon, *inter alia*, the approval by the Shareholders of Resolution 1 to be proposed at the General Meeting of the Company (including for purpose of Rule 21.1 of the Takeover Code).

As stated above, Resolution 2 grants the Directors authority to allot and issue new Shares in order to ensure that the Company has flexibility to issue additional Shares in order to facilitate a potential capital raising in the event the Proposed Transaction is not completed for any reason.

A notice convening the General Meeting will be set out in the Shareholder Circular, at which the following Resolutions will be proposed:

### ***Resolution 1 – the Proposed Transaction***

That the Proposed Transaction on the terms of the SPA be approved (including for the purposes of Rule 21.1 of the Takeover Code). This Resolution will be proposed as an ordinary resolution of the Company. If it is not passed, Completion of the Proposed Transaction under the SPA will not occur.

### ***Resolution 2 – Authority to allot shares***

Resolution 2 is an ordinary resolution to authorise the Directors under section 551 of the Act to issue and allot new Shares up to a maximum aggregate nominal value of £75,000,000. The Act requires that the authority of Directors to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or convert any security into shares should be subject to the approval of Shareholders in a general meeting or to an authority set out in the Company's articles of association. Accordingly, Resolution 2 will be proposed to authorise the Directors to allot and issue new Shares. This authority is in addition to all existing authorities under section 551 of the Act and will expire at the conclusion of the Company's next annual general meeting.

## **11. Importance of the vote**

**Resolution 1 must be passed by Shareholders at the General Meeting in order for the Proposed Transaction to proceed.**

If Shareholders do not approve Resolution 1, the Proposed Transaction cannot be implemented, and in such circumstances, and failing any other offers for the Company, the Board believes that the only realistic option for the Company would be to seek to further renegotiate or refinance the Credit Facility, and there can be no certainty that the Group would be able to do so on commercially acceptable terms or at all. In the event that the Group is unable to renegotiate or refinance the Credit Facility and the Group's lenders were to demand repayment of all borrowings, the Company would be unable to meet its liabilities as they fall due, which would likely result in the Company becoming insolvent and having to cease trading.

## **12. Recommendation**

**The Board considers the Proposed Transaction to be in the best interests of the Company and its Shareholders as a whole.**

Accordingly, the Board recommends that you vote in favour of the Resolutions to be proposed at the General Meeting, as those Directors who hold Shares intend to do in respect of their own beneficial Shareholdings.

## DEFINITIONS

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

<b>Act</b>	the Companies Act 2006 (as amended)
<b>AIM</b>	the AIM market operated by the London Stock Exchange
<b>AIM Rules</b>	the AIM Rules for Companies, as published by the London Stock Exchange from time to time
<b>Alpha</b>	Alpha Cassiopeiae Limited, a special purpose vehicle incorporated in the Isle of Man under registered number 016522V, and ultimately wholly-owned and controlled by the Fund
<b>Alpha Loan Note</b>	the loan note in the amount of £49 to be advanced by Alpha to the Company in consideration for the entire issued share capital of Greenwhitestar, under the terms of the SPA
<b>Berenberg</b>	Joh. Berenberg, Gossler & Co. KG, London Branch
<b>Board or Directors</b>	the board of directors from time to time of the Company
<b>Cenkos Securities or Nominated Adviser</b>	Cenkos Securities plc of 6-8 Tokenhouse Yard, London, EC2R 7AS
<b>Company or Eddie Stobart or the Group</b>	Eddie Stobart Logistics plc, a company incorporated in England and Wales with registered number 08922456, and, where context so requires, its Subsidiaries
<b>Completion</b>	completion of the Proposed Transaction under the terms of the SPA, and <b>Complete</b> and <b>Completing</b> shall be construed accordingly
<b>Credit Facility</b>	senior facility agreement amended and restated on 21 June 2018 between, <i>inter alios</i> , the Company, Greenwhitestar, the Governor and Company of the Bank of Ireland as arranger, agent and security agent originally entered into on 13 April 2017 and amended on 18 May 2017 and on 29 December 2017
<b>Credit Facility Waiver</b>	the waiver detailed in paragraph 8 (Banking arrangements) of the Additional Information section of this announcement
<b>DBAY</b>	DBAY Advisors Limited, a regulated investment manager licensed to conduct investment business by the Isle of Man

Financial Services Authority and with its registered office at 4th floor, 64 Athol Street, Douglas, Isle of Man, IM1 1JD

<b>Directors or Board</b>	the board of directors from time to time of the Company, who at the date of this announcement are: Christopher Casey, Sébastien Desreumaux, Stephen Harley, Anoop Kang, and Philip Swartman
<b>EBIT</b>	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 <i>force majeure</i> and start-up costs associated with contract wins); also referred to in the Group's annual report and accounts as 'Underlying EBIT'
<b>Eddie Stobart</b>	the Company or the Group
<b>Facilities</b>	the facilities of the Group, including the Credit Facility
<b>FCA</b>	the Financial Conduct Authority
<b>FSMA</b>	the Financial Services and Markets Act 2000
<b>Fund</b>	DouglasBay Capital III Fund LP (a fund managed by DBAY)
<b>FY17</b>	the Group's financial year to 30 November 2017
<b>FY18</b>	the Group's financial year to 30 November 2018
<b>FY19</b>	the Group's financial year to 30 November 2019
<b>FY20</b>	the Group's financial year to 30 November 2020
<b>General Meeting</b>	the general meeting of the Company to be convened at which the Resolutions will be proposed,
<b>Greenwhitestar</b>	Greenwhitestar Acquisitions Limited, a company incorporated in the England under registered number 8922540
<b>Group</b>	the Company and its Subsidiaries
<b>HY19</b>	the period of six months to 31 May 2019
<b>HY19 Interim Results</b>	the unaudited interim results of the Group for HY19
<b>Interim Loan Notes</b>	the 25% payment in kind loan notes to be issued by Greenwhitestar to the relevant entity controlled by the Fund under the Interim PIK Facility
<b>Interim PIK Facility</b>	the agreement under which any entity controlled by the Fund shall advance £55m in cash to Greenwhitestar, and Greenwhitestar shall issue the Interim Loan Notes in the

	amount of £55m to the relevant entity controlled by the Fund
<b>Invoice Discounting Arrangements</b>	invoice discounting agreements between KBC and Stobart Automotive Europe N.V.; Eddie Stobart Logistics Europe; iForce Limited; and Eddie Stobart Limited
<b>Joint Brokers</b>	Berenberg, together with Cenkos
<b>Loan Notes</b>	the 18% payment in kind loan notes to be issued by Greenwhitestar to Marcelos or an affiliate of Marcelos under the PIK Facility
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Marcelos</b>	Marcelos Limited, a special purpose vehicle incorporated in the Isle of Man under registered number 016829V, and ultimately wholly-owned and controlled by the Fund
<b>Nominated Adviser or Cenkos</b>	Cenkos Securities plc of 6-8 Tokenhouse Yard, London, EC2R 7AS
<b>Offer Period</b>	the offer period in relation to the Company for the purposes of the Takeover Code, which commenced on 9 September 2019
<b>PIK Facility</b>	an agreement on the terms of the term sheet appended to the SPA under which Marcelos or an affiliate of Marcelos shall advance an amount not exceeding the aggregate of £55m and any amounts used to refinance the accrued PIK interest under the Interim PIK Facility in cash to Greenwhitestar, and Greenwhitestar shall issue the Loan Notes in the amount of £55m
<b>Pre-Completion Reorganisation</b>	the offset/waiver of all outstanding intercompany balances (in a manner to be agreed between the Company and Marcelos, acting reasonably) between the Company and the Group such that there are no outstanding intercompany receivables/payables due to or from the Company immediately following Completion
<b>Proposed Transaction</b>	the proposed transaction whereby (1) the Fund will indirectly acquire a 51% stake Greenwhitestar Acquisitions Limited, which is currently a wholly-owned Subsidiary of the Company and in turn holds the Company's interests in the trading entities of the Group; and (2) DBAY will agree to (directly or indirectly) inject approximately £55m of new financing into the Group's operations through a PIK Facility, which will be used to provide necessary liquidity.
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting and set out in the Notice of General Meeting, being:

***Resolution 1 – the Proposed Transaction***

That the Proposed Transaction on the terms of the SPA be approved (including for the purposes of Rule 21.1 of the Takeover Code). This Resolution will be proposed as an ordinary resolution of the Company. If it is not passed,

Completion of the Proposed Transaction under the SPA will not occur.

**Resolution 2 – Authority to allot shares**

Resolution 2 is an ordinary resolution to authorise the Directors under section 551 of the Act to issue and allot new Shares up to a maximum aggregate nominal value of £75,000,000. The Act requires that the authority of Directors to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or convert any security into shares should be subject to the approval of Shareholders in a general meeting or to an authority set out in the Company's articles of association. Accordingly, Resolution 2 will be proposed to authorise the Directors to allot and issue new Shares. This authority is in addition to all existing authorities under section 551 of the Act and will expire at the conclusion of the Company's next annual general meeting.

<b>Results</b>	the annual financial results of the Group
<b>Rothschild &amp; Co</b>	N.M. Rothschild & Sons Limited, of New Court, St Swithin's Lane, London, EC4N 8AL
<b>Shares</b>	the ordinary shares of £0.01 each in the share capital of the Company
<b>Shareholder</b>	a holder of Shares, and <b>Shareholding</b> shall be construed accordingly
<b>Shareholder Agreement</b>	the shareholder agreement to be entered into between the Fund, Marcelos, and the Company at Completion
<b>Shareholder Approval</b>	the approval of the Proposed Transaction by the Shareholders at the General Meeting
<b>Shareholder Circular</b>	a circular expected to be posted to the Shareholders in relation to the Proposed Transaction, the General Meeting, and other matters related to this announcement
<b>SPA</b>	the conditional share purchase agreement dated the date of this announcement, entered into between Marcelos and the Company in respect of the Proposed Transaction
<b>Subsidiary</b>	has the meaning given to it in section 1159 of the Act
<b>Takeover Code</b>	the City Code on Takeovers and Mergers
<b>TDG</b>	Transport Development Group
<b>TVFB</b>	TVFB (3) Limited, a company controlled by Andrew Tinkler
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

**Wincanton**

Wincanton plc, a company incorporated in England & Wales under registered number 04178808 and with its registered office at Methuen Park Chippenham, Wiltshire, SN14 0WT