

# **Eddie Stobart Logistics plc**

(the “Company”)

## **Interim Results for six months ended 31 May 2020**

Eddie Stobart Logistics plc, the AIM-quoted cash shell which holds a 49% equity interest in the trading entities of Eddie Stobart, a leading UK end-to-end supply chain, transport and logistics group announces its unaudited interim results for the six months ended 31 May 2020<sup>1</sup>.

### **Summary**

- On 9 December 2019, the Company concluded a transaction with DBAY Advisors Limited (“DBAY”), in order to provide additional funding to the Eddie Stobart trading businesses (“Eddie Stobart Group”).
- At the reporting date, the Company’s only holding is the investment in Eddie Stobart Group via its 49% share in Marcelos Limited. As the Company does not have any subsidiaries at the reporting date, there is no requirement for consolidation, and these interim results are therefore presented on a standalone basis.
- At 31 May 2020, the Company has revalued its investment in Marcelos Limited to £30m (thus incurring a £15m loss) to reflect the market capitalisation of the Company at period end.
- The Eddie Stobart trading entities have continued to deliver excellent service to its customers and since the start of the HY20 period, despite the difficult environment due to Covid-19, have won a substantial new contract with Morrisons, begun to repay senior debt, acquired the Eddie Stobart brand, made progress in reducing warehouse space, and exited underperforming contracts.
- The Company’s underlying loss<sup>2</sup> before tax in the period was £16.3m (2019: loss of £3.9m) before exceptional items of £3.4m (2019: £Nil) and statutory loss before tax was £12.9m (2019: loss of £3.9m).
- The Board remains committed to converting into an Investing company before 9 December 2020, which will require a shareholder vote and fund raise of at least £6.0m.
- The Board also envisages entering into an investment management agreement with DBAY, with an investment strategy focused on private equity deals in the UK and Europe.

<sup>1</sup> For the purposes of these results the “Eddie Stobart Group” means Greenwhitestar Acquisitions Limited and its subsidiaries at 31 May 2020, which were subsidiaries of the Company prior to the transaction with DBAY in December 2019, and “HY20” means the six months ending 31 May 2020.

<sup>2</sup> Underlying profit/loss before tax is defined as profit/loss before tax adding back exceptional items.

The Interim Results are also available to be viewed on, or downloaded from, the Company's corporate website at [www.eddiestobart.com](http://www.eddiestobart.com)

### **Further enquiries:**

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## Business update

Following completion of the transaction overwhelmingly approved by shareholders in December 2019, the Company now holds a 49% interest in Marcelos Limited, the new intermediate holding company of GreenWhiteStar Acquisitions Limited ("GWSA"). GWSA and its subsidiaries form Eddie Stobart Group. Douglas Bay Capital Fund III LLP, a fund managed by DBAY, has acquired the remaining 51% interest in GWSA. In addition, as part of that transaction, Eddie Stobart Group has been provided with £70m of liquidity, providing a stable footing for the future development of Eddie Stobart Group, and allowing shareholders of the Company to continue to participate in the future growth in value of Eddie Stobart Group.

The Company has elected to measure its investment in Marcelos Limited at fair value through profit and loss. The election is taken on the basis of the investment being a 'venture capital' investment under IAS 28 'Investments in Associates and Joint Ventures'.

The Company is currently working towards becoming an Investing company under AIM rules. The strategy of the Company as an Investing company is to generate value through holding investments for the short to medium term. Therefore, the Directors believe that the fair value method of accounting for the investments is in line with the strategy of the Company.

Had the election not been made, the investment in Marcelos Limited would have been subject to equity accounting that involves recognition of the investment at cost and subsequent measurement at cost plus a share of profits and losses of Eddie Stobart Group, less dividends received.

As the Company does not have subsidiaries at the reporting date, there is no requirement for consolidation. Therefore, these interim results are presented on a standalone basis.

As highlighted in the Company's announcement in November 2019, the conversion of the Company to an AIM listed Investing company would entail the Company raising funds of at least £6.0m, with the deadline having been extended to 9 December 2020. Shareholder approval would be required for any such a conversion and the Board intends to seek the views of existing shareholders before pursuing such a transaction. To further align the interest of DBAY and the Company's shareholders, DBAY has agreed that the Company has the right, at the time it becomes an Investing company with DBAY as Investment Manager, to purchase up to 49% of the 18% PIK notes that DBAY has used to fund the Eddie Stobart Group.

## Outlook and investment update

On 6 August 2020, the Company was informed by the management of GWSA that Eddie Stobart Group, in which the Company holds its sole investment, has been trading profitably on underlying EBIT level in HY20. Furthermore, the Directors have been advised that Eddie Stobart Group intends to provide a trading update and full year outlook in early October.

The revitalised Eddie Stobart Group management team is committed to building on the business' strong fundamentals and is on track to deliver an improved performance from a more stable footing. The business has continued to deliver strong service to its customers and since the start of the HY20 period, despite the difficult trading environment due to Covid-19, has won a substantial new contract with Morrisons, begun to repay senior debt, acquired the Eddie Stobart brand, made progress in reducing warehouse space, has reduced its interest in Speedy Freight, from 47.5% to 20%, to avoid future payment obligations under put and call option agreements, and exited underperforming contracts.

<sup>1</sup> For the purposes of these results the "Eddie Stobart Group" means Greenwhitestar Acquisitions Limited and its subsidiaries at 31 May 2020, which were subsidiaries of the Company prior to the transaction with DBAY in December 2019, and "HY20" means the six months ending 31 May 2020.

<sup>2</sup> Underlying profit/loss before tax is defined as profit/loss before tax adding back exceptional items.

## Interim review for the six months ended 31 May 2020

### Background

Following completion of work instigated by the Board to clarify the impact of certain accounting-related items, the Company's shares were re-admitted to trading on AIM on 26 February 2020. The Company today announces its interim results for the six-month period ended 31 May 2020.

The results for the current period reflect the group structure as at 31 May 2020, at which time the Company indirectly owned 49% of the Eddie Stobart Group. At the comparative period as at 31 May 2019, the Company indirectly owned 100% of the Eddie Stobart Group. These interim financial statements reflect the standalone results of the Company for the current and comparative periods.

### Summary of HY20 results

The Company reported an underlying loss before tax of £16.3m (2019: loss of £3.9m) in the period before exceptional items of £3.4m (2019: £Nil). On a statutory basis, the reported loss before tax was £12.9m (2019: loss of £3.9m). Administrative expenses are significantly lower than in the corresponding period because the company no longer incurs any executive directors' remuneration, has incurred a lower share-based payment charge and also a lower audit fee.

### Earnings per share

Statutory basic and diluted earnings per share were a loss of 3.4p (2019: loss of 1.0p).

### Exceptional items

During the period, the Company recognised a credit in relation to the transition costs of £2.9m associated with the disposal of GWSA and audit fees of £0.6m. The costs were ultimately borne by GWSA in accordance with the DBAY transaction deal arrangements.

### Dividends

The Company did not pay a final dividend for the year ended 30 November 2019 and the Board has decided not to recommend an interim dividend payment.

### Tax

For the six months to 31 May 2020, the Company has incurred tax losses and is no longer part of a tax group. Therefore, the Company did not recognise current and deferred income tax charge or credit as the Directors do not consider that there is sufficient certainty over its recovery.

### Accounting matters

#### Investment in Eddie Stobart Group

On 9 December 2019 the Company disposed of its holding of 100% ownership of the issued share capital of GWSA held at cost less impairment. No gain or loss was recognised in the period on this disposal as the investment had been written down to its recoverable value in the second half of 2019 of £45m, which was based on the market capitalisation of the Company at the date of its re-admission to AIM. In exchange for the sale of the shares in GWSA, the Company acquired 49% of the issued share capital of Marcelos Limited, the new intermediate holding company of the Eddie Stobart Group. The Directors elected to measure the investment at fair value through profit or loss rather than to equity account.

In the period, the Company has revalued its investment in Marcelos Limited to £30m (thus incurring a £15m loss) to reflect the market capitalisation of the Company at 31 May 2020. The Directors believe that using observable market inputs at the period end represents the most suitable valuation methodology given the short trading period since the acquisition and the dislocating effects of Covid-19. In addition, the Directors have reviewed other valuation metrics such as peer group trading multiples. Based on these metrics the Directors believe the valuation of £30m is justifiable, albeit at the lower end of the range of possible values. The Directors intend to review whether the valuation method is still appropriate at 30 November 2020.

<sup>1</sup> For the purposes of these results the "Eddie Stobart Group" means Greenwhitestar Acquisitions Limited and its subsidiaries at 31 May 2020, which were subsidiaries of the Company prior to the transaction with DBAY in December 2019, and "HY20" means the six months ending 31 May 2020.

<sup>2</sup> Underlying profit/loss before tax is defined as profit/loss before tax adding back exceptional items.

# ***Independent review report to Eddie Stobart Logistics Plc***

## **Report on the Interim Results**

### Our conclusion

We have reviewed Eddie Stobart Logistics Plc's interim financial statements (the "Interim Financial Statements") in the Interim Results of Eddie Stobart Logistics Plc for the 6 month period ended 31 May 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

### What we have reviewed

The interim financial statements comprise:

- the Statement of Financial Position as at 31 May 2020;
- the Statement of Comprehensive Income for the period then ended;
- the Cash Flow Statement for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 1 to the Interim Financial Statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Company is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

## Responsibilities for the interim financial statements and the review

### Our responsibilities and those of the directors

The Interim Results, including the Interim Financial Statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Results in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the Interim Financial Statements in the Interim Results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Interim Financial Statements.

# Statement of Comprehensive Income

for the six months ended 31 May 2020

	Notes	Six months ended 31 May 2020 Unaudited £'000	Six months ended 31 May 2019 Unaudited £'000
Loss on investments measured at fair value through profit or loss	2	(15,000)	-
Administrative expenses: before exceptional items		(1,345)	(3,910)
Administrative expenses: exceptional items	3	3,445	-
Total administrative expenses		2,100	(3,910)
<b>Loss from operating activities</b>		<b>(12,900)</b>	<b>(3,910)</b>
<b>Loss before tax</b>		<b>(12,900)</b>	<b>(3,910)</b>
Income tax charge	5	-	-
<b>Loss and total comprehensive expense for the period</b>		<b>(12,900)</b>	<b>(3,910)</b>
<b>Earnings per share</b>			
Basic	6	(3.4p)	(1.0p)
Diluted	6	(3.4p)	(1.0p)

There are no items of other comprehensive income to be disclosed.

The accompanying notes form part of these extracts of the financial statements.

# Statement of Financial Position

## as at 31 May 2020

	Notes	31 May 2020 Unaudited £'000	30 Nov 2019 Audited £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	2	-	45,000
Investments at fair value through profit or loss	2	<b>30,000</b>	-
		<b>30,000</b>	45,000
<b>Current assets</b>			
Amounts owed by group undertakings	7	-	52,936
Other receivables	7	<b>183</b>	584
Cash and cash equivalents		<b>262</b>	362
		<b>445</b>	53,882
<b>Total assets</b>		<b>30,445</b>	98,882
<b>Liabilities</b>			
<b>Current liabilities</b>			
Amounts owed to group undertakings	7	-	(52,936)
Other payables	7	<b>(860)</b>	(3,952)
		<b>(860)</b>	(56,888)
<b>Total liabilities</b>		<b>(860)</b>	(56,888)
<b>Net assets</b>		<b>29,585</b>	41,994
<b>Equity</b>			
Share capital	8	<b>3,793</b>	3,793
Share premium	8	<b>146,002</b>	146,002
Merger reserve	8	-	7,950
Own shares		<b>(2,700)</b>	(2,700)
Share option reserve	9	-	4,218
Retained earnings		<b>(117,510)</b>	(117,269)
<b>Total equity</b>		<b>29,585</b>	41,994

The accompanying notes form part of these extracts of the financial statements.

Signed on behalf of the Board on

**A J Collins**

**25 September 2020**

Director

Company Number: 8922456

## Statement of Changes in Equity

### for the six months ended 31 May 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Own shares £'000	Share options reserve £'000	Retained earnings £'000	<b>Total equity £'000</b>
<b>Balance as at 30 November 2018</b>	<b>3,793</b>	<b>146,002</b>	<b>7,950</b>	<b>(2,700)</b>	<b>2,758</b>	<b>35,271</b>	<b>193,074</b>
Loss for the period	-	-	-	-	-	(3,910)	<b>(3,910)</b>
Share based payment expense	-	-	-	-	1,090	-	<b>1,090</b>
<b>Balance at 31 May 2019</b>	<b>3,793</b>	<b>146,002</b>	<b>7,950</b>	<b>(2,700)</b>	<b>3,848</b>	<b>31,361</b>	<b>190,254</b>

  

	Share capital £'000	Share premium £'000	Merger reserve £'000	Own shares £'000	Share options reserve £'000	Retained earnings £'000	<b>Total equity £'000</b>
<b>Balance as at 30 November 2019</b>	<b>3,793</b>	<b>146,002</b>	<b>7,950</b>	<b>(2,700)</b>	<b>4,218</b>	<b>(117,269)</b>	<b>41,994</b>
Loss for the period	-	-	-	-	-	(12,900)	<b>(12,900)</b>
Share based payment expense	-	-	-	-	491	-	<b>491</b>
Transfers (see notes 8 and 9)	-	-	(7,950)	-	(4,709)	12,659	-
<b>Balance at 31 May 2020</b>	<b>3,793</b>	<b>146,002</b>	<b>-</b>	<b>(2,700)</b>	<b>-</b>	<b>(117,510)</b>	<b>29,585</b>

## Cash Flow Statement

### for the six months ended 31 May 2020

	Notes	Six months ended 31 May 2020 Unaudited £'000	Six months ended 31 May 2019 Unaudited £'000
<b>Cash flows from operating activities</b>			
Loss for the period		<b>(12,900)</b>	(3,910)
<b>Adjustments for:</b>			
Equity settled share-based payment expense	9	<b>491</b>	636
Loss on investments measured at fair value through profit or loss	2	<b>15,000</b>	-
<b>Changes in:</b>			
Other receivables	10	<b>53,336</b>	534
Other payables	10	<b>(56,027)</b>	2,739
<b>Cash absorbed in operating activities</b>		<b>(100)</b>	(1)
<b>Decrease in cash and cash equivalents</b>		<b>(100)</b>	(1)
Cash and cash equivalents at the start of the financial period		<b>362</b>	5
<b>Cash and cash equivalents at the end of the financial period</b>		<b>262</b>	4

The accompanying notes form part of these extracts of the financial statements.

# Notes to the Financial Statements

## for the six months ended 31 May 2020

### 1. General information

The Directors of Eddie Stobart Logistics plc (the "Company") present their interim report and the unaudited financial statements for the period ended 31 May 2020 ("Interim Financial Statements"). The Company is a public limited company, incorporated and domiciled in the UK. Its registered address is Stretton Green Distribution Park, Langford Way, Warrington, WA4 4TQ.

The Interim Financial Statements have been reviewed, but not audited, by PwC and were approved by the Board of Directors on 25 September 2020. The information for the period ended 31 May 2020 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Interim Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended 30 November 2019, which have been prepared in accordance with IFRSs as adopted by the European Union. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified and (ii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Interim Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

#### Basis of preparation

The Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The Interim Financial Statements are presented in pounds sterling, rounded to the nearest thousand, unless otherwise stated. They were prepared under the historical cost convention, except for financial assets recognised at fair value through profit or loss, which have been measured at fair value.

The Company previously presented consolidated financial statements. On 9 December 2019, the Company disposed of its only subsidiary undertaking, Greenwhitestar Acquisitions Limited ("GWSA"), as discussed further in note 2. At the reporting date of 31 May 2020, the Company has no subsidiaries and, as such, no consolidated financial statements have been presented. The Interim Financial Statements therefore present Company only information for the current and comparative periods.

#### Going concern

The Directors have considered going concern and a range of scenarios has been reviewed. The scenarios are most sensitive on the ability of the Company to complete an equity fund raise of at least £6 million by 9 December 2020 in order to become an investing company. The severe scenario includes an assumption that the fund raise has not been completed but that the costs of the fund raising are incurred.

The Company holds a 49% interest in Marcelos Limited and generates no trading income in its own right. Under some severe scenarios, the Company is reliant on funding that Marcelos Limited has agreed to provide to enable the Company to settle its expenses and liabilities as they fall due until 31 March 2022. Marcelos Limited, which holds the controlling stake in GWSA, generates no trading income in its own right and is therefore itself reliant on funding from GWSA or its ultimate controlling party, DBAY Advisors Limited, in order to be able to provide funding to the Company.

The Directors have therefore considered the ability of GWSA and DBAY Advisors Limited to operate as a going concern. The Directors have a reasonable expectation that GWSA and DBAY Advisors Limited have sufficient resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report, and therefore is able to provide the required funding to Marcelos Limited in some scenarios if required.

In making this judgement the Directors have reviewed future trading forecasts of GWSA and considered sensitivities to those forecasts. The Directors have also taken into account the confirmation of parental support received by GWSA from the ultimate controlling party of GWSA, DBAY Advisors Limited.

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

#### Alternative Performance Measures

Alternative Performance Measures (APMs), such as underlying results, are used in the day-to-day management of the Company, and represent statutory measures adjusted for items which, in the Directors' view, could influence the understanding of comparability and performance of the Company year on year. These items include non-recurring exceptional items and other material unusual items.

## 1. General information (continued)

### Accounting policies

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Company's financial statements for the year ended 30 November 2019 except for Alternative Performance Measures as defined above and investments in associates as the Company did not have associates in the previous periods.

Associates are all entities over which the Company has significant influence but not control or joint control. Investments in associates are initially recognised at fair value and subsequently measured at fair value through profit or loss.

The fair value measurement of the Company's investments utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data and may including using multiples of trading results or information from recent transactions).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Company now has a single operating segment on a continuing basis, namely investment in the logistics services business.

### New and amended standards adopted by the Company

There are no IFRS standards or IFRIC interpretations that are mandatory for the period ending 31 May 2020 that have a material impact on the financial statements of the Company. The new leases standard IFRS 16, effective from the period commencing 1 December 2019, did not impact the financial statements of the Company as it does not have lease contracts.

### Critical accounting judgements and key sources of estimation uncertainty

#### Significant accounting judgements

In the application of the Company's accounting policies, 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 Company's accounting policies

In applying the Company's accounting policies, 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) Measurement of the investments – the Company elected to measure its investment in Marcelos Limited, the new intermediate holding company of Eddie Stobart Group, at fair value through profit and loss. The election is taken on the basis of the investment being a 'venture capital' investment under IAS 28 'Investments in Associates and Joint Ventures'.

The Company is currently in the start-up phase and is working towards fully transitioning to becoming an Investing company with an investment manager in place. The strategy of the Company as an Investing company is to generate value through holding investments for the short to medium term. Therefore, the Directors believe that the fair value method of accounting for the investments is in line with the strategy of the Company.

Had the election not been made, the investment in Marcelos Limited would have been subject to equity accounting that involves recognition of the investment at cost and subsequent measurement at cost plus a share of profits and losses of Eddie Stobart Group, less dividends received.

## Key sources of estimation in applying the Company'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 within the next financial year have been noted below.

(i) Fair value of the investments – the Directors estimated the fair value of the investment in Marcelos Limited. The fair value at the period end was calculated on the basis of the market capitalisation of the Company. This is because, as at the 31 May 2020, the investment in Marcelos Limited was the only material asset held by the Company.

The Directors believe that using observable market inputs at the period end represents the most suitable valuation methodology given the short trading period since the acquisition and Covid-19 situation. In addition, the Directors have also reviewed other valuation metrics such as peer group trading multiples. Based on these metrics the current valuation is justifiable, albeit at the lower end of the range of possible values. The Directors having established a policy to value investments will reconsider the valuation of this investment at 30 November 2020 in line with the policy.

The initial fair value of the acquired investment in Marcelos Limited of £45m was based on the market capitalisation of the Company at the date of its re-admission to AIM. The Directors believe this value best represents the price of the Company that would be received in an orderly transaction between market participants at acquisition.

## 2. Investments

Investment of 100 per cent shares of GWSA, held at cost less impairment, was disposed on 9 December 2019. No gain or loss was recognised on disposal as the investment had been written down to its recoverable value in the second half of 2019.

In exchange for the sale of the shares in GWSA, an investment of 49 per cent of shares of Marcelos Limited, the new intermediate holding company of Eddie Stobart Group, was received and this investment was recognised. The Directors elected to measure the investment at fair value through profit or loss and categorised it within Level 2 of the fair value hierarchy.

	Greenwhitestar Acquisitions Limited	Marcelos Limited	Six months ended 31 May 2020  Unaudited
	£'000	£'000	£'000
<b>30 November 2019</b>	<b>45,000</b>	<b>-</b>	<b>45,000</b>
Disposals during the period	(45,000)		(45,000)
Additions during the period	-	45,000	<b>45,000</b>
Change in fair value	-	(15,000)	<b>(15,000)</b>
<b>31 May 2020</b>	<b>-</b>	<b>30,000</b>	<b>30,000</b>

The fair value of the investment in Marcelos Limited was calculated on the basis of the market capitalisation of Eddie Stobart Logistics plc as the Directors considered this best represents the value of the Eddie Stobart Group. This is because, as at the 31 May 2020, the investment in Marcelos Limited was the only material asset held by the Company and therefore the Directors believe it is reasonable to infer a fair value for the Eddie Stobart Group based upon the Company's market capitalisation. The Directors will be reviewing whether the valuation method is appropriate at 30 November 2020 depending on the number of investments held by the Company.

The following inputs were used when calculating market capitalisation

	9 December 2019	31 May 2020
Number of shares '000	379,347	379,347
Share price, p	11.90	7.75
<b>Market capitalisation</b>	<b>45,000</b>	<b>30,000</b>

The share price of 11.9p represents the price of Eddie Stobart Logistics plc shares at the date of re-admission to AIM (26 February 2020).

### 3. Exceptional items

During the period, the Company recognised a credit in relation to the transition costs of £2,875,000 associated with the disposal of GWSA and 2019-related audit fees of £570,000. The costs were ultimately borne by GWSA in accordance with the deal arrangements.

### 4. Dividends

The Company did not pay a final dividend for the year ended 30 November 2019 and the Board has decided not to recommend an interim dividend payment.

### 5. Taxation

The Company did not recognise current and deferred income tax charge or credit. The deferred tax asset of £57,000 was not recognised as the Directors do not consider that there is sufficient certainty over its recovery. This unrecognised asset can be carried forward indefinitely.

### 6. Earnings per share

Basic earnings per share amounts are calculated by dividing loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the 12 months to the period end.

Diluted earnings per share amounts are calculated by dividing the loss 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. The Company's share options were considered anti-dilutive and were cancelled on 9 December (see note 9) and hence there are no dilutive instruments to be included in the calculation.

	<b>Six months ended 31 May 2020 Unaudited £'000</b>	Six months ended 31 May 2019 Unaudited £'000
Loss attributed to equity shareholders	<b>(12,900)</b>	(3,910)
Weighted average number of Ordinary Shares – Basic	<b>379,347</b>	379,347
Weighted average number of Ordinary Shares – Diluted	<b>379,347</b>	379,347
Basic loss per share for total operations	<b>(3.4p)</b>	(1.0p)
Diluted loss per share for total operations	<b>(3.4p)</b>	(1.0p)

## 7. Financial assets and liabilities

	Six months ended 31 May 2020 Unaudited £'000	Year ended 30 November 2019 Unaudited £'000
<b>Financial assets at amortised cost</b>		
Amounts owed by group undertakings (see note 10)	-	52,936
Other receivables	<b>183</b>	584
<b>Total financial assets</b>	<b>183</b>	53,520
<b>Financial liabilities at amortised cost</b>		
Amounts owed to group undertakings (see note 10)	-	52,936
Other payables	<b>860</b>	3,952
<b>Total financial liabilities</b>	<b>860</b>	56,888
Cash	<b>(262)</b>	(362)
<b>Net debt</b>	<b>(262)</b>	(362)

All financial assets and liabilities mature within one year. The fair value of those assets and liabilities approximates their book value.

Other receivables represent prepayments. Other payables include accruals of £595,000 (2019: £3,949,000). The prior period accruals balance of £3,949,000 consisted predominantly of exceptional accruals released in the current period ended 31 May 2020.

## 8. Capital and reserves

	No of shares '000	Share capital £'000	Share premium £'000	Merger reserve £'000
Ordinary shares in issue at 30 November 2019	379,347	3,793	146,002	7,950
<b>Ordinary shares in issue at 31 May 2020</b>	<b>379,347</b>	<b>3,793</b>	<b>146,002</b>	-

On disposal of shares in GWSA, the Company transferred a merger reserve, relating to the acquisitions of iForce group in 2017, to retained earnings.

## 9. Share based payments

On 9 December 2019, the Company cancelled all of its share award plans: Long-term incentive plan (LTIP) and Share incentive plan (SIP). An accelerated charge of £374,000 was recognised in relation to SIP and £117,000 was recognised in relation to LTIP. The balance of the share option reserve was transferred into retained earnings.

SIP shares remained in the employee benefit trust at the period end and, therefore, own shares reserve remained unchanged.

## 10. Significant non-cash transactions

On 9 December 2019, as part of the disposal of shares in GWSA, the Company novated and offset £53m of amounts owed by and to group undertakings. No material gain or loss was recognised as the intercompany receivables and payables have been written down to net nil as at 30 November 2019 ahead of the disposal.

## **11. Contingent liabilities**

As at 30 November 2019 the Company was part of an unlimited bank cross guarantee arrangement with other subsidiary undertakings with a maximum potential liability of £124m. On 9 December 2019, the Company was excluded from the arrangement as, due to the terms of the agreement with the bank, it was no longer part of Eddie Stobart Group. As a result, the Company has no contingent liabilities as at 31 May 2020.