

26 August 2022

Logistics Development Group plc

(the "Company")

Interim Results for six months ended 31 May 2022

Logistics Development Group plc, the AIM-quoted investing company, announces its unaudited interim results for the six months ended 31 May 2022.

Summary for the reporting period

On 9 December 2021, Peter Nixon, an experienced chartered accountant, was appointed to the Board as a non-executive director and member of the Audit Committee and Remuneration Committee, replacing Saki Riffner who resigned on the same date.

On 14 January 2022, the Company received an interim dividend distribution of £2.2m from Marcelos Limited which reflected expected final value in the Marcelos Limited investment at the time, and as a result the Company's investment in Marcelos Limited was revalued to £nil (see Subsequent events section and Note 2 regarding dividend receipts from Marcelos Limited).

On 22 February 2022, following a special resolution by shareholders at the General Meeting, the Company underwent a capital reduction whereby the share premium was reduced to £nil. Subsequent to the capital reduction, the Company commenced a share buyback programme. During March and April 2022, the Company repurchased a total of 140,441,180 ordinary shares in the market and thereafter these shares were cancelled.

It was announced on 10 March 2022 that 1,000,000 ordinary shares had been acquired in CareTech Holdings PLC ("CareTech"). An additional 974,130 ordinary shares in CareTech were purchased on 10 March 2022 and so as at 31 May 2022 the Company held, via its wholly owned subsidiary Fixtaia Limited, 1,974,130 shares in CareTech.

On 4 April 2022 the Company announced that DBAY Advisors Limited ("DBAY"), the Company's investment manager, had made an indicative proposal to CareTech regarding a possible all cash offer for CareTech at 750 pence per CareTech share (the "Possible Offer"). The Possible Offer announcement was released further to the PUSU deadline being extended in relation to a possible offer by a consortium formed by Sheikh Holdings Group (Investments) Limited ("Sheikh Holdings") at 725 pence per CareTech Share, as announced on 1 April 2022. Sheikh Holdings announced its possible offer on 7 March 2022.

As at the period end, the Company revalued its CareTech investment held in Fixtaia Limited to £29.7m (thus incurring a £0.3m loss) to reflect the fair value of Fixtaia Limited, based on a CareTech share price on 31 May 2022 of 705 pence.

On 27 June 2022, Amalfi Bidco Limited (a consortium formed by Sheikh Holdings) announced a recommended cash offer (with a partial rollover alternative) for CareTech, at a price of 750 pence per CareTech share, with a Court Meeting and General Meeting in respect of the Scheme of Arrangement expected to be held on 8 September 2022.

Underlying loss before tax¹ for the period was £0.8m (2021: profit £21.5m) before exceptional items of £nil (2021: £0.1m). Statutory loss before tax was £0.8m (2021: profit £21.6m). The significant decrease in profitability was due to a small loss on investments at fair value in the current reporting period being compared to a significant comparative period gain on investment at fair value following the sale of Marcelos' investment in GreenWhiteStar Acquisitions Limited ("GWSA").

Subsequent events

On 28 June 2022, DBAY confirmed that, further to its announcement of 4 April 2022, it did not intend to make an offer for CareTech.

In July 2022, the Company was advised that it is expected to receive a further interim dividend distribution of £0.7m from Marcelos Limited arising from the sale of its investment in GWSA in the prior reporting period.

On 18 August 2022, the Company purchased 3,700,000 million shares in Finsbury Food Group PLC, a leading UK speciality bakery manufacturer of cake, bread and morning goods for both the retail and foodservice channels, at a price of 69.5 pence per share.

¹ Underlying profit before tax is defined as profit 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.ldgplc.com.

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Business update

During the prior reporting period, the Company disposed of its investment in GWSA which was held through the Company's 49% stake in Marcelos Limited. GWSA is the holding company for the Eddie Stobart, The Pallet Network, iForce, Eddie Stobart Europe and The Logistics People businesses. In the current reporting period, the Company has been notified that a further dividend of £0.7m is expected to be received in regard of that disposal and this represents the final amount receivable in respect of the disposal.

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. As at 31 May 2022, the Company holds its investment of 1,974,130 shares in CareTech through Fixtaia Limited, a wholly owned subsidiary of the Company.

Outlook and investment update

The Board has been informed by DBAY Advisors Limited, the Company's Investment Manager, that it is reviewing a number of investment opportunities, and the Board and Investment Manager remain committed to generating attractive investment returns for all LDG shareholders.

Interim Review for the six months ended 31 May 2022

Background

As at 31 May 2022, the Company holds its investment of 1,974,130 shares in CareTech through its wholly owned subsidiary Fixtaia Limited, which it acquired in early March 2022.

Summary of HY22 results

The Company reported an underlying loss before tax of £0.8m (2021: profit before tax of £21.5m) in the period before exceptional items of £nil (2021: £0.1m). On a statutory basis, the reported loss before tax was £0.8m (2021: profit before tax of £21.6m). The reason for the loss before tax is due to a loss on investments at fair value.

Earnings per share

Statutory basic and diluted earnings per share were a loss of 0.12p (2021: profit of 4.2p).

Exceptional items

There were no exceptional items incurred during the reporting period. In the prior period, the Company recognised income of £90k in relation to the VAT refund associated with the 2019 disposal of GWSA.

Dividends

The Company did not pay a final dividend for the year ended 30 November 2021 and the Board has decided not to recommend an interim dividend payment.

Tax

For the six months to 31 May 2022, the Company has incurred tax losses and is no longer part of a tax group. Therefore, the Company did not recognise current and deferred assets as the Directors do not consider that there is sufficient certainty over the recovery of these assets.

Accounting matters

Investment in Fixtaia Limited

At the reporting date, the Company had a significant investment in Fixtaia Limited, which it wholly owns. The Directors have elected to measure investments held at fair value through profit or loss.

The Company's investment in CareTech is held in Fixtaia Limited, the Company has revalued its investment in Fixtaia Limited to £29.7m, thus incurring a loss of £0.3m, to reflect the fair value of Fixtaia Limited as at 31 May 2022 based on a CareTech share price of 705 pence. The Directors believe that measuring the value of Fixtaia Limited using its net asset value at the period end represents the most suitable valuation methodology.

Statement of Comprehensive Income

for the six months ended 31 May 2022

	Notes	Six months ended 31 May 2022 Unaudited £'000	Six months ended 31 May 2021 Unaudited £'000
(Loss)/gain on investments measured at fair value through profit or loss - net	2	(299)	22,175
Other income		54	-
Net finance (cost)/income		(245)	22,175
Administrative expenses: before exceptional items		(541)	(657)
Administrative expenses: exceptional items	3	-	90
Total administrative expenses		(541)	(567)
(Loss)/profit from operating activities		(786)	21,608
(Loss)/profit before tax		(786)	21,608
Income tax charge	5	-	-
Total comprehensive (loss)/income for the period		(786)	21,608
Earnings per share			
Basic (loss)/profit	6	(0.12p)	4.2p
Diluted (loss)/profit	6	(0.12p)	4.2p

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

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes which form part of these extracts of the financial statements.

Statement of Financial Position

as at 31 May 2022

	Notes	31 May 2022 Unaudited £'000	31 May 2021 Unaudited £'000
Assets			
Non-current assets			
Investments at fair value through profit or loss	2	29,701	64,023
		29,701	64,023
Current assets			
Other receivables	7	105	88
Cash and cash equivalents		81,731	7,943
Amounts owed by group undertakings	7	54	-
		81,890	8,031
Total assets		111,591	72,054
Liabilities			
Current liabilities			
Amounts owed to group undertakings	7	(652)	(910)
Other payables	7	(231)	(247)
		(883)	(1,157)
Total liabilities		(883)	(1,157)
Net assets		110,708	70,897
Equity			
Share capital	8	5,618	7,022
Share premium	8	-	157,439
Own shares		(857)	(857)
Retained earnings		105,947	(92,707)
Total equity		110,708	70,897

The above Statement of Financial Position should be read in conjunction with the accompanying notes which form part of these extracts of the financial statements.

Signed on behalf of the Board on 25 August 2022



A J Collins

25 August 2022

Director

Company Number: 08922456

Statement of Changes in Equity

for the six months ended 31 May 2022

	Share capital £'000	Share premium £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 December 2020	3,793	146,002	(2,611)	(114,075)	33,109
Profit for the period	-	-	-	21,608	21,608
Issue of share capital	3,229	12,951	-	-	16,180
Transfers	-	(1,514)	1,754	(240)	-
Balance at 31 May 2021	7,022	157,439	(857)	(92,707)	70,897

	Share capital £'000	Share premium £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 December 2021	7,022	157,476	(857)	(29,697)	133,944
Loss for the period	-	-	-	(786)	(786)
Share premium reduction (see note 8)	-	(157,476)	-	-	(157,476)
Transfer to retained earnings	-	-	-	157,476	157,476
Share repurchase (see note 8)	(1,404)	-	-	(21,046)	(22,450)
Balance at 31 May 2022	5,618	-	(857)	105,947	110,708

Cash Flow Statement

for the six months ended 31 May 2022

	Notes	Six months ended 31 May 2022 Unaudited £'000	Six months ended 31 May 2021 Unaudited £'000
Cash flows from operating activities			
Loss/(profit) for the period		(786)	21,608
Adjustments for:			
Loss/(gain) on investments measured at fair value through profit or loss - net	2	299	(22,175)
Changes in:			
Other receivables	7	(46)	(60)
Other payables	7	594	(1,937)
Cash generated from/(used in) operating activities		61	(2,564)
Cash flows from investing activities:			
Dividends received	2	2,218	-
Investment in subsidiary	2	(30,000)	(6,000)
Net cash outflow from investing activities		(27,782)	(6,000)
Cash flows from financing activities:			
Issue of share capital		-	16,180
Repayment of related party loan		-	(325)
Share repurchase	8	(22,450)	-
Net cash (outflow)/inflow from financing activities		(22,450)	15,855
(Decrease)/increase in cash and cash equivalents		(50,171)	7,291
Cash and cash equivalents at the start of the financial period		131,902	652
Cash and cash equivalents at the end of the financial period		81,731	7,943

The above Statement of Changes in Equity and Cash Flow Statement should be read in conjunction with the accompanying notes which form part of these extracts of the financial statements.

Notes to the Financial Statements

for the six months ended 31 May 2022

1. General information

The Directors of Logistics Development Group plc (the “Company”) present their interim report and the unaudited financial statements for the period ended 31 May 2022 (“Interim Financial Statements”). The Company is a public company limited by shares and incorporated and domiciled in the UK. Its registered address is 3 More London Riverside, 4th Floor, London, SE1 2AQ.

The Interim Financial Statements have not been audited and were approved by the Board of Directors on 25 August 2022. The information for the period ended 31 May 2022 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 financial statements for the year ended 30 November 2021, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) in conformity with the requirements of the Companies Act 2006. 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 are prepared in accordance with IFRS and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation

The Interim Financial Statements for the period ended 31 May 2022 have been prepared in accordance with accounting standard IAS 34 Interim Financial Reporting.

The Interim Financial Statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 November 2021 and any public announcements made by the Company during the interim reporting period.

The Interim Financial Statements are presented in pounds sterling, rounded to the nearest thousand, unless otherwise stated. They have been 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.

At the reporting date of 31 May 2022, the Company has no consolidating 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 expect that the Company has sufficient resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Consequently, the Directors of the Company continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 2021.

(a) **Fair value measurement** - 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).

1. General information (continued)

(a) Fair value measurement (continued)

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 in which they occur.

(b) Financial instruments

- Financial assets – other receivables and amounts owed to related undertakings. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, such assets are measured at amortised cost using the effective interest method, less any impairment losses.

- Cash and cash equivalents – in the Statement of Financial Position, cash includes cash and cash equivalents excluding bank overdrafts. No expected credit loss provision is held against cash and cash equivalents as the expected credit loss is negligible.

- Financial liabilities – other payables and amounts owed to related undertakings. Such liabilities are initially recognised on the date that the Company becomes party to contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

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

(c) **Exceptional items** – items that are material in size or nature and non-recurring are presented as exceptional items in the Statement of Comprehensive Income. The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Company's underlying business performance. Events which may give rise to the classification of items as exceptional include restructuring of business units and the associated legal and employee costs, costs associated with business acquisitions, impairments and other significant gains or losses.

(d) **Alternative performance measures (APMs)** - 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.

(e) **Tax** – tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(f) **Operating segments** – the Company now has a single operating segment on a continuing basis, namely investment in a portfolio of assets.

(g) **Fund raise costs** – transaction costs incurred in anticipation of an issuance of equity instruments are recorded as a deduction from the retained earnings reserve in accordance with IAS 32 and the Companies Act 2006.

(h) **Own shares reserve** – transfer of shares from the trust to employees is treated as a realised loss and recognised as a deduction from the retained earnings reserve.

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 2022 that have a material impact on the financial statements of the Company.

1. General information (continued)

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 has elected to measure its investment in its wholly owned subsidiary Fixtaia Limited as an equity investment at fair value through profit and loss. The election is taken on the basis of the Company being classified as an investment entity per IFRS 10.

The criteria which define an investment entity under IFRS 10 are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company is an Investing company on AIM 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. In addition, the most likely exit strategy for the Company's investments would be a sale of its subsidiary (or that the subsidiary itself would enter into a sale agreement), which is a further indication that the Company itself is an investment entity. Therefore, the Directors have concluded that the Company is an investment entity and believe that the fair value method of accounting for the investments is in line with the strategy of the Company.

Had the Company not met the definition of an investment entity, it would be required to prepare consolidated financial statements which involve presenting the results and financial position of the Company and Fixtaia Limited as those of a single economic entity.

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

The Directors believe that there are no 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.

2. Investments at fair value through profit or loss

	Marcelos Limited £'000	Fixtaia Limited £'000	Total Unaudited £'000
1 December 2021	2,218	-	2,218
Dividends received	(2,218)	-	(2,218)
Additions during the period	-	30,000	30,000
Change in fair value	-	(299)	(299)
31 May 2022	-	29,701	29,701

As at the prior year end 30 November 2021, the Company's investment in Marcelos Limited was revalued to £2,218k as a result of a dividend proposed to be paid to the Company from Marcelos Limited in 2022. This dividend of value £2,218k was received on 14 January 2022 and was offset against the investment, resulting in an investment carrying value of £nil as at 31 May 2022.

On 7 March 2022, the Company acquired 100% of the share capital, consisting of 1 share of £1.00, of Fixtaia Limited, a company incorporated in Jersey, for consideration of £1.00. On 21 March 2022, the Company purchased 300 additional shares in Fixtaia Limited for cash consideration of £30,000k to enable the Company to buy CareTech shares for a total consideration of £13,133k. On 31 May 2022, the investment in Fixtaia Limited was revalued to £29,701k as per the net asset value of Fixtaia Limited, resulting in a net revaluation loss of £299k.

3. Exceptional items

There were no exceptional items incurred during the reporting period. In the prior period, the Company recognised income of £90k in relation to exceptional charges with respect to the fund-raising activities concluded in December 2020.

4. Dividends

The Company did not pay a final dividend for the year ended 30 November 2021 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 £596k (2021: £363k) 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 profit/(loss) for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the 6 months to the period end.

Diluted earnings per share amounts are calculated by dividing the profit/(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 does not hold any dilutive instruments to be included in the calculation.

	Six months ended 31 May 2022 Unaudited £'000	Six months ended 31 May 2021 Unaudited £'000
(Loss)/profit attributed to equity shareholders	(786)	21,608
Weighted average number of Ordinary Shares – Basic	652,324	514,683
Weighted average number of Ordinary Shares – Diluted	652,324	514,683
Basic (loss)/profit per share for total operations	(0.12p)	4.2p
Diluted (loss)/profit per share for total operations	(0.12p)	4.2p

7. Financial assets and liabilities

	31 May 2022 Unaudited £'000	31 May 2021 Unaudited £'000
Financial assets at fair value through the profit or loss		
Investments at fair value through profit or loss	29,701	64,023
Financial assets at amortised cost		
Amounts owed by group undertakings	54	-
Other receivables	105	88
Total financial assets	29,860	64,111
Financial liabilities at amortised cost		
Amounts owed to group undertakings	(652)	(910)
Other payables	(231)	(247)
Total financial liabilities	(883)	(1,157)
Cash	81,731	7,943
Net cash/(debt)	81,079	7,033

7. Financial assets and liabilities (continued)

All financial assets and liabilities mature within one year. The fair value of those assets and liabilities approximates their book value. The net cash/(debt) figure above reflects the net of cash and related party borrowings.

Other receivables represent prepayments. Other payables include accruals of £184k (2021: £178k).

8. Capital and reserves

	No of shares '000	Share capital £'000	Share premium £'000	Own shares £'000
Ordinary shares in issue at 1 December 2021	702,206	7,022	157,476	(857)
Share premium reduction	-	-	(157,476)	-
Share repurchase	(140,441)	(1,404)	-	-
Ordinary shares in issue at 31 May 2022	561,765	5,618	-	(857)

On 22 February 2022, the Company underwent a capital reduction whereby there was as a reduction in share premium of £157,476k which was transferred to retained earnings, resulting in share premium of £nil.

Subsequently, during March and April 2022, the Company repurchased a total of 140,441,180 of its shares from shareholders and these shares were then cancelled, resulting in a reduction in share capital to £5,618k from 8 April 2022. The shares were repurchased for a premium, and transaction costs were incurred, resulting in a reduction of retained earnings of £21,046k.

The Own shares reserve was created at the inception of company share award plans and the shares were held in an employee benefit trust. On 9 December 2019, the Company cancelled all of its share award plans; the Long-term incentive plan (LTIP) and Share incentive plan (SIP). The balance remaining in the employee benefit trust represents shares awarded to individuals who did not meet the qualifying conditions and these shares will now be dealt with by the trustees in accordance with the scheme rules and accepted accounting practise. During the reporting period, the reserve remained at £857k.

9. Significant non-cash transactions

No significant non-cash transactions took place in the reporting period of six months to 31 May 2022.

10. Contingent liabilities

As at 31 May 2022, the Company has no contingent liabilities (2021: nil).

11. Subsequent events

On 28 June 2022 DBAY confirmed that, further to its announcement of 4 April 2022, it did not intend to make an offer for CareTech.

In July 2022, the Company was advised that it is expected to receive an interim dividend distribution from Marcelos Limited for the amount of £0.7m.

On 18 August 2022 the Company purchased 3,700,000 shares in Finsbury Food Group PLC at a price of 69.5 pence per share.