

Logistics Development Group plc

(the “Company”)

Final Results for year ended 30 November 2020

Logistics Development Group plc, the AIM investing company, announces its audited final results for the year ended 30 November 2020

Full Year 2020 Results Summary

- On 9 December 2019, the Company concluded a transaction with DBAY Advisors Limited (“DBAY”), in order to provide additional liquidity of £70m to the GreenWhiteStar trading businesses (“GWSA Group”)¹, which together with a new leadership team with significant experience of the logistics sector, put it on a stable footing and provided a platform from which to develop.
- At the reporting date, the Company’s only holding is the investment in GWSA Group via its 49% share in Marcelos Limited. At 30 November 2020, the Company revalued its investment in Marcelos Limited to £35.8m (thus incurring a £9.2m loss) to reflect the market capitalisation of the Company at the reporting date.
- The GWSA Group trading entities have continued to deliver excellent service to their customers and, despite the uncertain environment due to COVID-19 and Brexit, the business has benefitted from its exposure to the fast-moving consumer goods and e-commerce sectors and from growing demand for warehousing capacity. GWSA Group performance has exceeded our expectations.
- On 30 March 2021 GWSA Group advised LDG of its audited consolidated results for the year ended 30 November 2020. Highlights are:
 - Revenue increased by 2% to £874.3m (2019 £857.5);
 - Underlying EBITDA was £145.5m (2019: £4.2m). This includes the impact of the implementation of IFRS 16 Leases, which contributed £97.7m to EBITDA. Excluding the impact of IFRS 16, EBITDA increased to £47.8m (2019 £4.2); and
 - Net Debt (excluding the impact of IFRS 16) reduced by £77.2m to £144.5m.
- The Company’s underlying EBIT² in the period was a loss of £11.3m (2019: loss of £5.8m) before exceptional income of £3.4m (2019: exceptional costs of £128.7m) and statutory loss before tax was £7.9m (2019: loss of £134.5m).

Subsequent Events

- On 9 December 2020 the Board announced that it had raised £9m via a Placing and Subscription (ahead of an original £6m target) to enable conversion to an investing company on AIM which was approved by shareholders. In addition, an Open Offer to the shareholders raised a further £7m and was 62.5% oversubscribed. The combined fundraising raised a total of £14.5m (net of expenses).
- At the same time as the Company’s conversion to an investing company, the Company entered into an investment management agreement with DBAY, with an investment strategy focused on growth opportunities in the logistics sector and on 9 February 2021 the Company confirmed it had changed its name to Logistics Development Group plc with a new TIDM of “LDG.”

¹ For the purposes of these results the “GWSA Group” means GreenWhiteStar Acquisitions Limited and its subsidiaries at 30 November 2020, which were subsidiaries of the Company prior to the transaction with DBAY in December 2019, and “FY20” means the twelve months ending 30 November 2020.

² Underlying EBIT is an alternative performance measure (see Note 3) and is defined as profit/loss before interest and tax adding back exceptional items

This announcement contains inside information as stipulated under the Market Abuse Regulation (EU) no. 596/2014 ("MAR").

The Full Year Results are also available to be viewed on, or downloaded from, the Company's corporate website at www.ldgplc.com

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Letter from Chairman

I am pleased to present the 2020 report and financial statements for Logistics Development Group plc ("LDG", "the Company")

It has been a period of immense transformation for the Company but we have now concluded the first phase of our strategy following the successful outcome of the 2019 DBAY transaction (described below) and culminating in the fundraising and transition to an investing company under the AIM Rules, completed in December 2020, and the change of the company name to reflect our new investment policy and strategy, which are set out on page 6 below.

Review of the year

The financial results for the year ended 30 November 2020 show an underlying EBIT² loss of £11.3m (2019: loss of £5.8m) before exceptional income of £3.4m (2019: expenses of £128.7m) and a loss before tax of £7.9m (2019: loss of £134.5m) reflecting the issues faced by the Company in 2019 and the subsequent disposal of its majority interest in the Greenwhitestar Acquisitions Limited ("GWSA") group of companies ("GWSA Group"). These results are discussed in detail in the Business and Financial Review and in the notes to the financial statements.

DBAY transaction

The DBAY transaction, overwhelmingly approved by shareholders on 9 December 2019, addressed the acute need for additional funding to ensure the GWSA Group could continue to meet its obligations to customers and suppliers, and to safeguard the long-term future of the business and its employees. This transaction injected £70m of liquidity into the operating businesses of GWSA Group (which includes Eddie Stobart, iForce and The Pallet Network) and also allowed shareholders to retain an economic interest in these businesses' operations. In addition, the Company has an option to acquire an economic interest in the 18% PIK loan facility provided as part of the DBAY transaction.

Changes to the Board

Following completion of the DBAY transaction Philip Swatman, Sebastien Desreumaux and Anoop Kang retired from the Board. In February 2020 Saki Riffner, Chief Investment Officer of DBAY and a director of GWSA, joined the Board as a non-executive Director and I joined the Board as Chairman in April 2020. In August 2020, Christopher Casey, who had chaired the Audit Committee and supported the Board through the complex process to finalise the 2019 statutory financial statements, also retired. I am pleased to report that David Facey, an experienced chartered accountant and CFO of AIM-listed financial sector companies, has agreed to join the Board and chair the audit committee. David will be appointed from 1 April 2021.

Our investment in the GWSA Group

Following the DBAY transaction, a new board and leadership team, led by Executive Chairman William Stobart, was appointed at GWSA. The Company welcomes the measures that have been implemented to streamline and refocus the operating business within the GWSA Group. Despite the significant pressures created by the COVID-19 pandemic and the general economic uncertainty arising from Brexit, the GWSA Group performance has exceeded our expectations and the business is well placed to continue to benefit from the increasing growth in e-commerce and a wider appreciation of the importance of the supply chain.

On 30 March 2021 GWSA Group advised LDG of its audited consolidated results for the year ended 30 November 2020. Highlights are:

- Revenue increased by 2% to £874.3m (2019 £857.5).
- Underlying EBITDA was £145.5m (2019: £4.2m). This includes the impact of the implementation of IFRS 16 Leases, which contributed £97.7m to EBITDA. Excluding the impact of IFRS 16, EBITDA increased to £47.8m (2019 £4.2); and
- Net Debt (excluding the impact of IFRS 16) reduced by £77.2m to £144.5m.

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

Transition to being an AIM investing company and fund-raising

On 31 December 2020, following a successful fund-raising through a subscription, placing and open offer generating £16m (net £14.5m), the Company was re-admitted to AIM completing its transition to an AIM investing company focussing on investment in the logistics sector. We anticipate this sector will benefit from changing market dynamics and an increasing demand for logistics services and we believe that the companies that can meet the developing needs of businesses and consumers will prosper.

Shareholders approved the appointment of DBAY Advisors as Investment Manager and approved the investment strategy, which is set out in more detail below. DBAY is actively seeking opportunities for investment and value creation and I look forward to working with DBAY and the Board to deliver on the strategy for our shareholders.

COVID-19 and Brexit

The impact of COVID-19 upon the Company has been limited as the Company was a non-trading cash shell during the period. We will continue to monitor the impact of the pandemic upon our investment and also the wider economy.

We believe that the pandemic and the impact of Brexit have focussed many businesses on the importance of the supply chain and may give rise to changes in how businesses build resilience into their supply chains, in particular impacting stock holding decisions. Less than 1% of GWSA Group revenue is earned through services between UK and the EU so this increased awareness of the supply chain should have a positive impact upon the GWSA Group businesses and parts of the wider logistics sector, creating investment opportunities and validating the investment strategy we have adopted.

Final thoughts

We must hope that the current vaccination programme will allow the world to return to some semblance of normality but, in the meantime, on behalf of the Board and shareholders, I pay tribute to the commitment of the management and staff of the operating companies within the GWSA Group, who have maintained excellence in service levels for their customers whilst operating under the most challenging circumstances. Since I have joined the Board I have been impressed with the calibre and

dedication of the leadership team of the GWSA Group and our colleagues at DBAY, who now manage our investment strategy, and look forward to the future with optimism.

Finally, I would like to thank shareholders, old and new, for their continued support.

Adrian Collins

Chairman

Business and financial review for the year ended 30 November 2020

Background

At the balance sheet date the AIM-listed cash shell Logistics Development Group plc (the “Company”) held only one investment: its 49% shareholding in Marcelos Limited (“Marcelos”), which holds its interest in GreenWhiteStar Acquisitions Limited group (“GWSA”) through an intermediate holding company, Alpha Cassiopeae Limited (“Alpha”). The GWSA Group¹ comprises a leading UK end-to-end supply chain, transport and logistics group of companies operating under the “Eddie Stobart”, “iForce” and “The Pallet Network” brands.

On 9 December 2019, the Company concluded a transaction with funds managed by DBAY Advisors Limited (“DBAY”), which provided additional liquidity of £70m to the GWSA Group trading businesses, providing a stable footing for the future development of GWSA Group and allowing shareholders of the Company to continue to participate in the future growth in value of GWSA Group. Following the DBAY transaction, which resulted in a disposal of the Company’s direct equity interest in the GWSA Group to Marcelos, the Company now holds a 49% equity interest in Marcelos. Additionally, a new board and leadership team, led by Executive Chairman William Stobart, was appointed to manage the GWSA Group.

Following completion of work instigated by the Board to clarify the impact of certain accounting-related items (as discussed in the Company’s 2019 Annual Report), the Company’s shares were re-admitted to trading on AIM on 26 February 2020. The Company today announces its audited results for the year ended 30 November 2020.

The results for the current year reflect the group structure as at 30 November 2020, at which time the Company indirectly owned 49% of the GWSA Group. At the comparative period ended 30 November 2019, the Company owned 100% of the GWSA Group. As the Company does not have subsidiaries at the reporting date, there is no requirement for consolidation and the audited financial statements in this report reflect the standalone results of the Company for the current and comparative periods.

The Company has elected to measure its investment in Marcelos 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’. Had the election not been made, the investment in Marcelos 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 GWSA Group, less dividends received.

At the reporting date the Company was on track to becoming an investing company under AIM rules. This conversion required raising funds of at least £6m and this was successfully achieved in December 2020 (see Note 17 Subsequent Events). 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.

To further align the interest of DBAY and the Company’s shareholders, the Company has an option to acquire an economic interest in the 18% PIK note facility issued by Alpha as part of the DBAY transaction. At the reporting date this option was conditional upon then Company’s conversion to an investing company.

Review of the year

At the reporting date, as the Company's only holding is the 49% investment in Marcelos, there is no requirement for a consolidation; consequently these full year results for the Company are therefore presented with prior year comparatives on the same basis. The Company has revalued its investment in Marcelos to £35.8m thus incurring a £9.2m loss to reflect the market capitalisation of the Company at the reporting date.

Administrative expenses before exceptional items are significantly lower in the reporting year at £2.2m (2019: costs of £5.8m) because the company no longer incurs any executive directors' remuneration, has incurred a lower share-based payment charge and has a lower audit fee.

The Company's underlying EBIT² loss in the year was £11.3m (2019: loss of £5.8m) before exceptional income of £3.4m (2019: exceptional expense of £128.7m) and statutory loss before tax was £7.9m (2019: loss of £134.5m). During the year, the Company recognised an exceptional income of £3.4m comprising the transaction costs of £2.8m associated with the disposal of GWSA and 2019-related audit fees of £0.6m. The costs were ultimately borne by GWSA in accordance with the deal arrangements. During the prior year, the Company recognised exceptional expenses of £128.8m the particulars of which are set out in the Exceptional Items section below.

At the reporting date, the Company was nearing the completion of a fund-raising exercise which would result in it achieving its objective of conversion into an AIM-listed investing company. As discussed later in this report, the fundraising was successful, and the professional costs incurred directly in respect of this exercise have been expensed in the current financial year against reserves in line with International Financial Reporting Standards and the Companies Act 2006.

Following the DBAY transaction, a new board and leadership team, led by Executive Chairman William Stobart, was appointed at GWSA. The Company is supportive of the measures that have been implemented to streamline and refocus the operating business within the GWSA Group. Despite the significant pressures created by the COVID-19 pandemic and the general economic uncertainty arising from Brexit the GWSA Group performance has exceeded our expectations and the business is well placed to continue to benefit from the increasing growth in e-commerce and a wider appreciation of the importance of the supply chain.

On 30 March 2021 GWSA Group advised LDG of its audited consolidated results for the year ended 30 November 2020. Highlights are:

- Revenue increased by 2% to £874.3m (2019 £857.5).
- Underlying EBITDA was £145.5m (2019: £4.2m). This includes the impact of the implementation of IFRS 16 Leases, which contributed £97.7m to EBITDA. Excluding the impact of IFRS 16, EBITDA increased to £47.8m (2019 £4.2); and
- Net Debt (excluding the impact of IFRS 16) reduced by £77.2m to £144.5m.

Net debt

As at the reporting date, the Company has cash reserves of £0.7m (2019: £0.4m) and related party borrowings of £1.2m (2019: Nil). Following the year end, the Company successfully raised £16m in aggregate (pre fund raise costs of £1.5m) which satisfied requirements to meet admission to AIM as an investing company (see Note 17 Subsequent Events).

Furthermore, during the reporting year in a non-cash transaction, 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 November 2019 ahead of the disposal.

Exceptional items

During the year under review, the Company recognised income in relation to the transaction costs of £2.8m associated with the disposal of GWSA and 2019-related audit fees of £0.6m. These costs were ultimately borne by GWSA in accordance with the DBAY transaction arrangements.

During the prior year ended 30 November 2019, the Company recognised exceptional costs of £128.8m. An impairment test of the investments in subsidiaries was carried out which resulted in £20.3m impairment of investment and £99.3m impairment of intercompany receivables. Transaction costs of £9.0m were recognised in relation to the disposal of GWSA. Restructuring costs of £0.1m were recognised in relation to the exit of the previous CEO who left the business on 23 August 2019.

Further details of exceptional costs are included in note 5.

Tax

For the year ended 30 November 2020 the Company has incurred tax losses. Following the DBAY transaction the Company is no longer part of a tax group. Consequently, the Company did not recognise any current or deferred income tax charge or credit. The deferred tax asset of £0.2m was not recognised as the Directors do not consider that there is sufficient certainty over its recovery. The unrecognised asset can be carried forward indefinitely.

Dividends

The Company did not pay an interim dividend (2019: £Nil) and no final dividend is being recommended (2019: £Nil).

Earnings per share

Underlying basic and diluted loss per share are both 3.0 pence (2019: 1.5 pence). Statutory basic and diluted loss per share are both 2.1 pence (2019: 35.5 pence). See note 3 to the Financial Statements

¹ For the purposes of these results the "GWSA Group" means Greenwhitestar Acquisitions Limited and its subsidiaries at 30 November 2020, which were subsidiaries of the Company prior to the transaction with DBAY in December 2019.

² Underlying EBIT is an alternative performance measure (see Note 3) and is defined as profit/loss before interest and tax adding back exceptional items

Accounting matters

Investment in Marcelos

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, the new intermediate holding company of the GWSA Group. The Directors elected to measure the investment at fair value through profit or loss rather than to equity account.

In the year, the Company has revalued its investment in Marcelos to £35.8m (thus incurring a £9.2m net loss) to reflect its fair value based on the market capitalisation of the Company at 30 November 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 £35.8m is justifiable, albeit at the lower end of the range of possible values. The Directors having reviewed this valuation approach and consider it still to be the most appropriate current method, and will review this again as at 31 May 2021.

Subsequent Events

On 9 December 2020 the Company announced that it had reached its initial fund-raising target and had raised £9.0m via a Placing and Subscription in connection with the Company's proposed conversion to an investing company. The Company also announced its intention to raise up to an additional £7.0m via an Open offer to allow Qualifying Shareholders to participate on the same terms as the Placing and Subscription.

On the same date, 9 December 2020, the Company announced that it intended to change its name to "Logistics Development Group plc" following Admission to AIM as an investing company by resolution of the Board. The Company subsequently announced that the name change had been successfully registered on 9 February 2021.

The Company announced on 29 December 2020 that the Open Offer announced on 9 December 2020 had closed oversubscribed. The Company raised total gross proceeds of approximately £7.0 million from the Open Offer, which, together with the £9.0m raised by way of the Placing and Subscription, meant the Company raised a total of approximately £16.0m gross proceeds (£14.5m net proceeds after expenses) as a result of the Placing, Subscription and Open Offer.

Investment Policy and Strategy

The investment objective of the Company is to provide Shareholders with attractive total returns achieved through capital appreciation and, when prudent, shareholder distributions and dividends. The Directors believe that opportunities exist to create significant value for Shareholders through the acquisition of, and the implementation of substantial operational improvements in, businesses in the sectors outlined in the Company's Investing Policy.

On 31 January 2021, with the approval of shareholders, the Company appointed DBAY to act as Investment Manager of the Company for an initial period of five years (subject thereafter to annual renewal by agreement). DBAY is tasked with full authority to manage the Company's assets to deliver the investment strategy set out below in accordance with its investing policy reporting to the Board on a regular basis.

Founded in 2011, DBAY is a pan-European asset manager and investor. The firm follows a value investing approach and invests in listed equities across Europe, as well as in private equity style control investments. It is owned by its partners and is regulated and licensed by the Isle of Man Financial Services Authority. As well as an office in the Isle Man, DBAY also has an office in London. DBAY comprises a team of twelve investment and operating professionals and brings significant expertise in the logistics sector, with key individuals having served on the board of Eddie Stobart Logistics and Transport Development Group in the past.

The Directors and DBAY believe that the logistics sector (including supply chain management, transportation, warehousing, freight forwarding and home deliveries) is characterised by highly attractive fundamentals. The sector benefits from strong structural growth drivers, such as from a shift towards e-commerce related transport and warehousing activities, and there are numerous opportunities for growth from increased outsourcing in the sector.

The resulting growth and the increased complexity of logistics services will provide substantial opportunities for integrated supply chain service organisations, and specifically for organisations of a certain size, that have the ability to provide the required technological and systems support required by customers. The COVID-19 crisis has demonstrated the crucial role played by logistics, which is a major contributor to UK GDP, and the dependence of the fast-moving, demand-led economy on the services provided by this sector. The completion of Brexit is expected to increase demand in the UK for warehousing capacity, as well as freight forwarding and management expertise.

The UK logistics and supply chain industry is concentrated at the upper end (by revenues) but highly fragmented towards the bottom end of the market, with approximately 192,000 logistics small- to medium-sized enterprises in 2018. The Directors believe that the Company will therefore have access to numerous opportunities for profitable investments and value creation. The Directors and DBAY, as investment managers, have considerable knowledge and experience of the sector and consider that the Company will be able to create a dynamic portfolio of investments in the logistics sector.

The Investing Policy approved by shareholders on 29 December 2020 states that the Company will seek to achieve its investment objectives by making investments within the following parameters:

- Sectors: Logistics, Transport, Warehousing and e-Fulfilment assets

- Size: Small to transformational
- Type: Stand-alone, or add-on for existing assets
- Geography: UK-focused but also continental Europe
- Characteristics: Scope for substantial operational improvements or value creation; high growth markets; and offering synergies with the existing portfolio
- Ownership: Controlling stakes, or minority stakes with the ability to effect change through active management
- Hold period: 2-5 years targeted
- Concentration: relatively concentrated portfolio expected, with in excess of 50% of the portfolio exposed to one asset initially
- Market: Private or public
- Leverage: Private equity style funding structures with anticipated net financial debt levels of 3-5x EBITDA
- Restrictions: No assets or businesses which do not sufficiently meet the criteria detailed above, or where equity returns are primarily driven by high levels of financial leverage or fundamental strategic change

The Company would need to raise additional finance in order to make further acquisitions in the form of equity and/or debt. Subject to the composition of the Company's share register, it is possible that any equity fundraising for those purposes will, subject to the requisite Shareholder approvals, be carried out on a non-pre-emptive basis. Any material changes to the Investing Policy would be subject to Shareholder approval.

Annual general meeting

The Company intends to hold its Annual General Meeting on Tuesday 25 May 2021 in London. In order to comply with restrictions under current COVID-19 regulations on the number of people able to meet currently applicable until mid-June, it is likely that the meeting will be held with the minimum attendance required to form a quorum. Shareholders will be unable to attend the meeting in person but can be represented by the Chair of the meeting acting as their proxy. Should circumstances change we will review the position. Further details will be set out in the Notice of Meeting to be sent to shareholders in due course and published on our website www.ldgplc.com

Company Statement of Comprehensive Income

for the year ended 30 November 2020

	Note	Year ended 30 November 2020 £'000	Year ended 30 November 2019 £'000
Loss on investments measured at fair value through profit or loss - net	10	(9,152)	-
Administrative expenses: before exceptional items		(2,162)	(5,759)

Administrative expenses: exceptional items	5	3,415	(128,724)
Total administrative expenses		1,253	(134,483)
Loss before tax		(7,899)	(134,483)
Income tax charge	7	-	-
Loss and total comprehensive expense for the year		(7,899)	(134,483)
Earnings per share			
Basic	9	(2.1p)	(35.5p)
Diluted	9	(2.1p)	(35.5p)

The accompanying notes form part of the financial statements.

Company Statement of Financial Position as at 30 November 2020

	Note	30 November 2020 £'000	30 November 2019 £'000
Assets			
Non-current assets			
Investments in subsidiaries	10	-	45,000
Investments at fair value through profit or loss	10	35,848	-
		35,848	45,000
Current assets			
Amounts owed by related undertakings	11	-	52,936
Other receivables	11	28	584
Cash and cash equivalents	11	652	362
		680	53,882
Total assets		36,528	98,882
Current liabilities			
Amounts owed to related undertakings	11	(1,235)	(52,936)
Other payables	11	(2,184)	(3,952)
		(3,419)	(56,888)
Total liabilities		(3,419)	(56,888)
Net assets		33,109	41,994
Equity			
Called up share capital	12	3,793	3,793
Share premium account	12	146,002	146,002
Merger reserve	12	-	7,950
Own treasury shares	12	(2,611)	(2,700)
Share option reserve	12	-	4,218
Retained earnings	12	(114,075)	(117,269)
Total shareholders' funds		33,109	41,994

The accompanying notes form part of the financial statements.

The Company Financial Statements on pages 29 to 42 were approved by the Board of Directors on 30

March 2021 and were signed on its behalf by:

Adrian Collins
Director

Company number 08922456

Company Statement of Changes in Equity for the year ended 30 November 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share options reserves £'000	Own shares £'000	Retained earnings £'000	Total £'000
Balance at 1 December 2018	3,793	146,002	7,950	2,758	(2,700)	35,271	193,074
Loss for the year	-	-	-	-	-	(134,483)	(134,483)
Share based payment charges	-	-	-	1,460	-	-	1,460
Dividends paid	-	-	-	-	-	(18,057)	(18,057)
Balance at 30 November 2019	3,793	146,002	7,950	4,218	(2,700)	(117,269)	41,994
Loss for the year	-	-	-	-	-	(7,899)	(7,899)
Share based payment charges	-	-	-	491	-	-	491
Transfer of shares from the trust	-	-	-	-	89	(89)	-
Transfers (note 12)	-	-	(7,950)	(4,709)	-	12,659	-
Fund raise costs (note 12)	-	-	-	-	-	(1,477)	(1,477)
Balance at 30 November 2020	3,793	146,002	-	-	(2,611)	(114,075)	33,109

The accompanying notes form part of the financial statements.

Company Cash Flow Statement for the year ended 30 November 2020

	Note	Year ended 30 November 2020 £'000	Year ended 30 November 2019 £'000
Cash flows from operating activities			
Loss for the year		(7,899)	(134,483)
Adjustments for:			
Equity settled share-based payment expenses	12	491	1,460
Loss on investments measured at fair value through profit or loss	10	9,152	-
Impairment of investments in subsidiaries	10	-	20,300
Changes in:			
Other receivables	13	53,492	101,108
Other payables	13	(54,838)	30,030
Net cash inflow from operating activities		398	18,415
Cash flows from financing activities			
Share issue costs paid	12	(108)	-
Dividends paid during the year	8	-	(18,057)

Net cash outflow from financing activities	(108)	(18,057)
Net increase in cash and cash equivalents	290	358
Cash and cash equivalents at the start of the financial year	362	4
Cash and cash equivalents at the end of the financial year	652	362

The accompanying notes form part of the financial statements.

Notes to the Company Financial Statements

for the year ended 30 November 2020

1. Basis of accounting

Logistics Development Group plc (formerly Eddie Stobart Logistics plc) (the "Company") is a public company limited by shares and incorporated and domiciled in England and Wales. Its registered address is Stretton Green Distribution Park, Langford Way, Appleton, Warrington, Cheshire, England, WA4 4TQ. The Company changed the name on 9 February 2021.

Basis of preparation

The Financial Statements were prepared in accordance International Accounting Standards in conformity with the requirements of the Companies Act 2006 ("IFRS").

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

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 30 November 2020, the Company has no subsidiaries and, as such, no consolidated financial statements have been presented. The Financial Statements therefore present Company only information for the current and comparative periods.

The Financial Statements 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 is not registered for VAT and therefore all expenses are recorded inclusive of VAT.

Going concern

The Directors have a reasonable expectation 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. The Directors have prepared a cash flow forecast for period of 3 years which indicate that available funds significantly exceed anticipated expenditure. Consequently, the Directors of the Company continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Significant accounting policies

The Financial Statements 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.

(a) **Investments in associates** - 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.

(b) **Fair value measurement** – 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.

(c) 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 derecognised 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.

(d) **Share-based payments** - the Company operated a number of equity-settled, share-based compensation plans, under which GWSA and the Company received services from employees as consideration for equity instruments (options) of the Company. The fair values of the employee services received in exchange for the grant of the options was recognised as an expense. The cancellation of equity-settled plans is accounted for as an acceleration of the vesting period and therefore any amount unrecognised that would otherwise have been charged should be recognised immediately.

(e) **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.

(f) **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.

(g) **Tax** – tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to 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.

(h) **Operating segments** – the Company now has a single operating segment on a continuing basis, namely investment in the logistics services business.

(i) **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.

(j) **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 year ended 30 November 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 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 the GWSA 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 (see Note 17 Subsequent Events). 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 the GWSA Group, less dividends received.

(ii) 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 30 November 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 2021 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 on 26 February 2020. 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. The investment was subsequently valued at 30 November 2020 using the market capitalisation of the Company at that date.

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.

3. Alternative performance measures reconciliations

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. The reconciliation of APMs to the reported results is detailed below:

	2020	2019
	£'000	£'000
Loss before tax	(7,899)	(134,483)
Exceptional (income) / expense	(3,415)	128,724
Underlying EBIT	(11,314)	(5,759)

Weighted average number of Ordinary Shares – Basic	379,347	379,347
Weighted average number of Ordinary Shares – Diluted	379,347	379,347
Underlying Basic loss per share for total operations	(3.0p)	(1.5p)
Underlying Diluted loss per share for total operations	(3.0p)	(1.5p)

4. Employees and Directors

Staff costs and the average number of persons (including Directors) employed by the Company during the year are details below:

	2020	2019
	£'000	£'000
Staff costs for the Company during the year		
Wages and salaries, including payments on termination	292	1,506
Social security costs	26	199
Pension costs	-	16
	318	1,721
Average monthly number of employees		
Management	3	8

A summary of Directors' remuneration (key management personnel) is detailed below:

	2020	2019
	£'000	£'000
Emoluments, bonus and benefits in kind	245	1,424
Pension costs	-	13
Total Directors' remuneration	245	1,437

Remuneration of the highest paid Director is detailed below:

	2020	2019
	£'000	£'000
Emoluments, bonus and benefits in kind	n/a	543

5. Exceptional items

During the year, the Company recognised exceptional income in relation to the transaction costs of £2,845,000 associated with the disposal of GWSA and 2019-related audit fees of £570,000. The costs were incurred by the Company in 2019 and ultimately borne by GWSA upon completion of the transaction in accordance with deal arrangements.

During the prior year, the Company recognised exceptional costs of £128,724,000. An impairment test of the investments in subsidiaries was carried out which resulted in £20,300,000 impairment of investment and £99,296,000 impairment of intercompany receivables. Transaction costs of £8,981,000 were recognised in relation to the disposal of GWSA. Restructuring costs of £147,000 were recognised in relation to the exit of the previous CEO who left the business on 23 August 2019.

6. Audit fees

During the year, the Company obtained the following services from the Company's auditors, the costs of which (inclusive of VAT as the Company is not registered for VAT) are detailed below:

	2020	2019
	£'000	£'000
Fees payable for the audit of the Company's annual financial statements	114	565
Audit-related assurance services	96	500
Other assurance services (fund raise expenses)	554	-
Total fees payable to Company's auditors	764	1,065

7. Income tax charge

The Company did not recognise current and deferred income tax charge or credit. The deferred tax asset of £219,000 was not recognised as the Directors do not consider that there is sufficient certainty over its recovery. The underlying tax losses can be carried forward indefinitely.

The income tax charge for the year included in the statement of comprehensive income can be reconciled to loss before tax multiplied by the standard rate of tax as follows:

	2020	2019
	£'000	£'000
Loss before tax	(7,899)	(134,483)
Expected tax credit based on a corporation tax rate of 19% (2019: 19%)	(1,501)	(25,552)
Effect of expenses not deductible in determining taxable profit	1,282	24,817
Group relief	-	735
Unused tax losses for which no deferred tax asset has been recognised	219	-
Income tax charge	-	-

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. The March 2021 Budget announced an increase in the UK standard rate of corporation tax to 25% from 1 April 2023. The legislation was not enacted during the year so deferred tax has been provided using the enacted rate of 19%. If deferred tax was calculated using the 25% rate the net deferred tax liability recognised at the balance sheet date would be increased from £219,000 to £288,000.

8. Dividends

At the date of approving these Financial Statements, no final dividend has been approved or recommended by the Directors (2019: £18.1m).

	2020	2019
	£'000	£'000
Final dividend for the year ended 30 November 2018 of 4.76p per share	-	18,057

9. 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 2019 (see note 12) and hence there are no dilutive instruments to be included in the calculation.

	2020	2019
	£'000	£'000
Loss attributed to equity shareholders	(7,899)	(134,483)
Weighted average number of Ordinary Shares – Basic	379,347	379,347
Weighted average number of Ordinary Shares – Diluted	379,347	379,347
Basic loss per share for total operations	(2.1p)	(35.5p)
Diluted loss per share for total operations	(2.1p)	(35.5p)

10. Investments

Investment of 100 per cent shares of GWSA, held at cost less impairment, was disposed of 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 the GWSA 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 £'000	Marcelos Limited £'000	Total investments £'000
30 November 2018	65,300	-	65,300
Impairment during the year	(20,300)	-	(20,300)
30 November 2019	45,000	-	45,000
Disposals during the year	(45,000)	-	(45,000)
Additions during the year	-	45,000	45,000
Change in fair value	-	(9,152)	(9,152)
30 November 2020	-	35,848	35,848

The fair value of the investment in Marcelos Limited was calculated on the basis of the market capitalisation of Logistics Development Group plc as the Directors considered this best represents the value of the 49 per cent share in Marcelos Limited. This is because, as at 30 November 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 GWSA Group based upon the Company's market capitalisation.

The following inputs were used when calculating market capitalisation:

	2020 £'000	2019 £'000
Number of shares '000	379,347	379,347
Share price, p	9.45	11.90
Market capitalisation	35,848	45,000

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

11. Financial assets and liabilities

	2020 £'000	2019 £'000
Financial assets at fair value through the profit or loss		
Investments in associate (see note 10)	35,848	-
Financial assets at amortised cost		
Amounts owed by related undertakings (see note 13)	-	52,936
Other receivables	28	584
Total financial assets	35,876	53,520
Financial liabilities at amortised cost		
Amounts owed to related undertakings (see note 13)	1,235	52,936
Other payables	2,184	3,952
Total financial liabilities	3,419	56,888

Cash and cash equivalents	(652)	(362)
Net debt	583	(362)

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

Other receivables represents prepayments. Other payables include accruals of £2,122,000 with £1,369,000 relating to the accrued fund raise costs (see note 12). The prior period other payables included accruals of £3,949,000 which consisted predominantly of exceptional accruals released in the current year.

The value of the investment in Marcelos Limited is directly connected to the market capitalisation of the Company that is based on the quoted share price. The sensitivity analysis of the share price fluctuation can be seen below:

	Fair value income / (loss) '000
Increase in share price of the Company by 5%	1,792
Decrease in share price of the Company by 5%	(1,792)

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

Liquidity risk

The Company finances its operations by equity. The Company undertakes short-term cash forecasting to monitor its expected cash flows against its cash availability. The Company also undertakes longer-term cash forecasting to monitor its expected funding requirements in order to meet its current business plan.

Credit risk

The Company's principal exposure to credit risk is in the amounts owed by related undertakings and is considered not to be significant.

Capital management

Capital comprises share capital of £3.8m (2019: £3.8m) and share premium of £146m (2019: £146m). The Company's short-to medium-term strategy continues to be to strengthen its capital base in order to sustain the future development of the business. The Company also focuses on the management and control of working capital in order to reduce net debt.

12. Capital and reserves

	No of shares '000	Called up share capital £'000	Share premium account £'000
Ordinary shares of 1p each in issue at 30 November 2019	379,347	3,793	146,002
Ordinary shares of 1p each in issue at 30 November 2020	379,347	3,793	146,002

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

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

Costs in relation to the fund raise in December 2020 (see note 17) were deducted from the retained earnings reserve.

Own treasury shares

Included in the total number of ordinary shares outstanding above are 1,634,304 (2019: 1,690,000) ordinary shares held by the Company's employee benefit trust. The ordinary shares held by the trustee of the Company's employee

benefit trust pursuant to the SIP are treated as Own shares in the Company's Balance Sheet in accordance with IAS 32. During the year, 55,696 (2019: nil) shares were transferred to employees of the GWSA Group.

Own shares reserve

This reserve arose when the Company issued equity share capital under its Share Incentive Plan (SIP) which is held in trust by the trustee of the Company's employee benefit trust. If these shares are forfeited throughout the vesting period for leavers or another reason they will continue to be owned by the trust and therefore will continue to be presented within Own shares in the Company Financial Statements.

Share options reserves

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.

Fund raise costs

During the year, the Company incurred transaction costs of £1,477,000 in anticipation of an issuance of equity instruments in December 2020 and recorded these as a deduction from the retained earnings reserve in accordance with the Companies Act 2006.

13. 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 related undertakings. No material gain or loss was recognised as the intercompany receivables and payables have been written down to net nil as at November 2019 ahead of the disposal.

14. Related party transactions

From the date of the disposal of the investment in its subsidiary, GWSA, the Company entered into commercial transactions with GWSA as follows:

	Amounts owed to related parties
	£'000
9 December 2019	-
Purchases from related parties	385
Reimbursement from related parties	850
30 November 2020	1,235

15. Capital commitments

At 30 November 2020, the Company had no commitments (2019: £nil).

16. 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 the GWSA Group. As a result, the Company has no contingent liabilities as at 30 November 2020.

17. Subsequent events

On 9 December 2020 the Company announced that it had reached its initial fund-raising target and had raised £9.0m via a Placing and Subscription in connection with the Company's proposed conversion to an investing company. The Company also announced its intention to raise up to an additional £7.0m via an Open offer to allow Qualifying Shareholders to participate on the same terms as the Placing and Subscription.

On the same date, 9 December 2020, the Company announced that it intended to change its name to "Logistics Development Group plc" following Admission to AIM as an investing company by resolution of the Board. The Company subsequently announced that the name change had been successfully registered on 9 February 2021.

The Company announced on 29 December 2020 that the Open Offer announced on 9 December 2020 had closed oversubscribed. The Company raised total gross proceeds of approximately £7.0 million from the Open Offer, which, together with the £9.0m raised by way of the Placing and Subscription, meant the Company raised a total of approximately £16.0m gross proceeds (£14.5m net proceeds after expenses) as a result of the Placing, Subscription and Open Offer.

GLOSSARY

Term	Definition
Accounts	The financial statements of the Company
Admission	The admission of the issued ordinary shares in the Company admitted to trading on AIM that became effective on 31 December 2020
AGM	Annual general meeting of the Company
AIM	Alternative Investment Market of the London Stock Exchange
AIM Rules	The AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM
AIM Investing Company	An Investing Company as defined by the AIM rules.
APMs	Alternative Performance Measures
Board	The board of directors of the Company
Brexit	A reference to the UK's withdrawal from the European Union on 31 December 2020
CAGR	Compound annual growth rate
CGU	Cash Generating Unit
Company	Logistics Development Group plc, a public limited company incorporated in England and Wales with registered number 08922456
DBAY	DBAY Advisors Limited and/or any fund(s) or entity(ies) managed or controlled by DBAY Advisors Limited as appropriate in the relevant context
DBAY Transaction	On 9 December 2019 DouglasBay Capital III Fund LP, a fund managed by DBAY Advisors Limited completed the acquisition of an indirect 51% equity stake in Greenwhitestar Acquisitions Limited.
Directors	The Directors of the Company as at the date of this document, as identified on page 10
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
FY19	Financial Year ended 30 November 2019
FY20	Financial Year ended 30 November 2020
GWSA	Greenwhitestar Acquisitions Limited, the operational holding company of the Eddie Stobart trading entities; Eddie Stobart Limited, iForce Limited, The Pallet Network Limited and The Logistic People Limited.

GWSA Group	Marcelos Limited and all of its subsidiaries from time to time
HY19	Six month period ended 31 May 2019
HY20	Six month period ended 31 May 2020
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Investment Management Agreement	An investment management agreement entered into between the Company and DBAY, pursuant to which DBAY has been appointed as the Company's investment manager
Investing Policy	The Company's investing policy more particularly set out on page 6
LTIP	The Long Term Incentive Plan
Marcelos	Marcelos Limited, a company incorporated on the Isle of Man (company no. 016829v), whose registered office is at First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF
Ordinary Shares/Shares	Ordinary shares of £0.01 each in the capital of the Company
PIK loan facility	Loan of £55m used to effect the DBAY transaction, which carries interest at 18% compounding quarterly, maturing in November 2025.
PWC	The Company's auditor
QCA	Quoted Companies Alliance
QCA Governance Code	QCA Corporate Governance Code for Small and Mid-Size Quoted Companies published by the QCA
SIP	Share Incentive Plan described on page 20
UK GAAP	UK Generally Accepted Accounting Principles