Eddie Stobart Logistics plc

Delivering innovative logistics solutions

Annual Report and Accounts 2017

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COMPANIES HOUSE

Our vision is to be recognised for our pride and professionalism in delivering innovative customer solutions and service excellence

Our core values



Openness and honesty
We draw on our huge depth and breadth of expertise to make sure we can be the best in what we do by working collaboratively as one team.



Trust and respect
We take the time to understand and listen to our colleagues and customers. We lead by example by keeping things simple, setting clear goals and achieving them.



Integrity
We put our employees and customers first and act in their best interests. When things go wrong, as they will from time to time, we'll hold our hands up and work to put it right.



Compassion
We're genuine and sincere and show consideration by supporting others when they need it most. We take personal responsibility for all of our actions.



Fun
We like to enjoy ourselves too, we celebrate when we've done a good job and we recognise the achievements of our people.

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2017 key highlights

We've delivered a strong performance with revenue increasing by 9% and underlying EBIT increasing by 17%*

- We have renewed contracts totalling more than £41 million and secured a further £89 million of new volume with new and existing customers
- We have seen significant revenue growth within our MIB (+37%) and E-commerce (+111%) sectors providing a healthy balance to our sector portfolio
- We have broadened and expanded our capabilities through targeted acquisitions of iForce, Speedy Freight and Logistic People which are all performing to expectations
- We have increased our warehouse capacity by c.17% across a number of new sites adding much needed capacity and delivering value for our shareholders
- We have invested in technology solutions to enhance operational efficiency, support business growth and simplify back-office processes, including state-of-the-art in-cab technology and warehouse management systems
- We continue to invest in recruiting and in up-skilling our existing employees through a broad range of courses delivered at our Training Academy in Warrington and our new second facility in the Midlands

Financial

Revenue
£623.9m
+9%

Underlying EBIT*
£48.5m
+17%

Profit before tax
£9.9m
-12%

Net debt
£109.5m
-34%

Adjusted EPS*
9.8p
+24%

Statutory EPS
1.2p
-63%

Proposed total dividend per share
5.8p

* Non GAAP Alternative Performance Measure (see note 4 on page 61 of the accounts for reconciliation to statutory IFRS measure).

At a glance

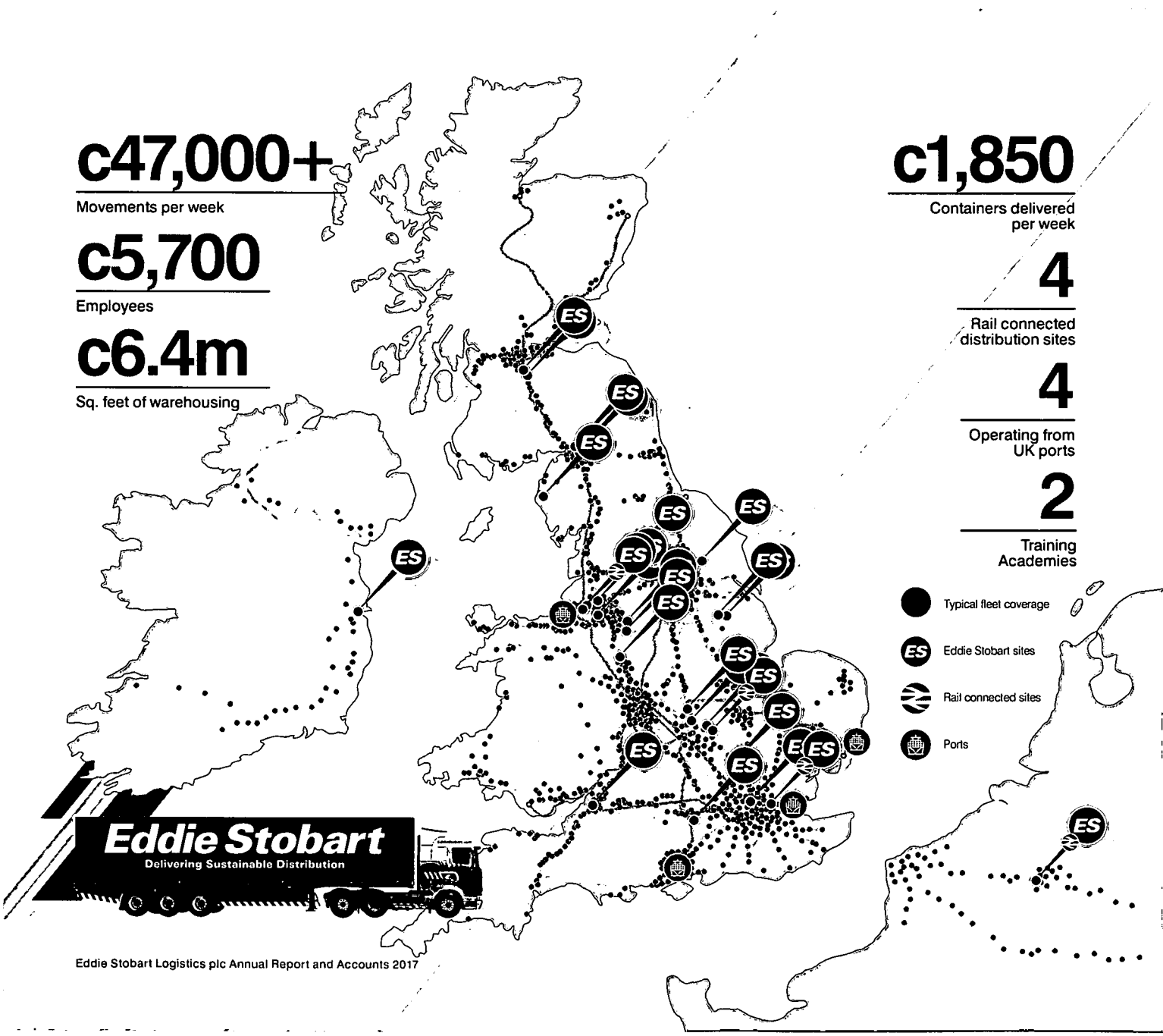
Our network and scale

We operate c.2,300 vehicles, c.4,000 trailers and 26 distribution centres, throughout the UK and Europe, providing our services to a range of national and international customers

c47,000+
Movements per week

c5,700
Employees

c6.4m
Sq. feet of warehousing



c1,850
Containers delivered per week

4
Rail connected distribution sites

4
Operating from UK ports

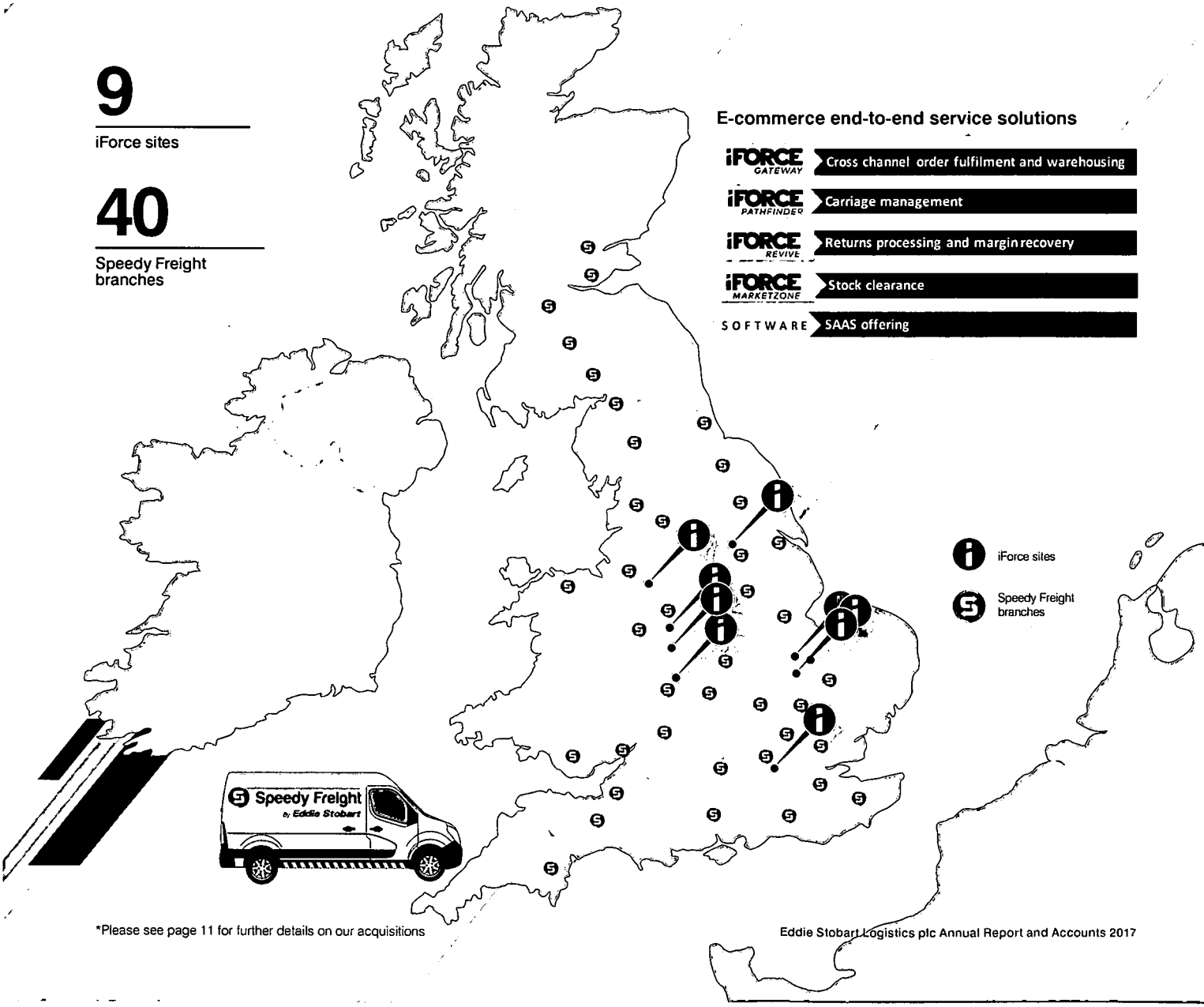
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Training Academies

Our acquisitions

Our network and scale has grown. iForce has three distribution centres and operations at six customer sites. Speedy Freight has 40 branches. Collectively these sites significantly expand the scale of the Eddie Stobart network

9
iForce sites

40
Speedy Freight branches



*Please see page 11 for further details on our acquisitions

Our markets

We offer focused, efficient and cost effective end-to-end supply chain solutions to businesses across a range of sectors

The overall UK logistics market was valued at approximately £70.3bn in 2015[1].

Historically, the overall market has grown in line with underlying growth in economic activity.

During the period 2011 to 2015 the market grew at an aggregate CAGR of 2.4% per annum[2]. The market is large and also highly fragmented with upwards of 50,000[3] participants, with Eddie Stobart accounting for less than 1% market share[4].

Within this overall growth rate, we are seeing the E-commerce sector growing at a much faster rate than other sectors, in response to structural changes in consumer spending patterns. In other sectors where growth more closely reflects the market rate, we are seeing opportunities from customers who are increasingly outsourcing their in-house operations.

Eddie Stobart remains well positioned for growth due to the scale of our network and our pay-as-you go model, complemented by our sector expertise and consulting-led approach, and our extensive warehouse capacity of c.6.4m sq.feet (excluding sites we operate for customers).

We operate across four key sectors of the market, chosen specifically because of the complementary nature of their demand patterns across the sectors, driving effective utilisation and profitability in both our warehouse and transport operations*.

E-commerce

Rapid growth in the online retail market has been a key contributor to growth in the UK logistics market over the last five years[5].

The UK total E-commerce market (which includes food and travel) has grown from £0.8bn in 2000 to £114bn in 2015 and £133bn in 2016 (16% annual growth)[6].

This increase brings logistical challenges for our customers. In particular, for retailers the continuing trend of omni-channel retailing requires specialist logistics knowledge and skills.

More and more of our customers require an end-to-end solution and this is driving the need for additional optimally located warehousing space, increased use of IT systems and more complex warehouse operations, including returns management, product repair and online market place sales.

This offers significant opportunities for our newly acquired business, iForce, which has the required technology, processes and skills to deliver a seamless retail customer experience on behalf of existing and new customers.

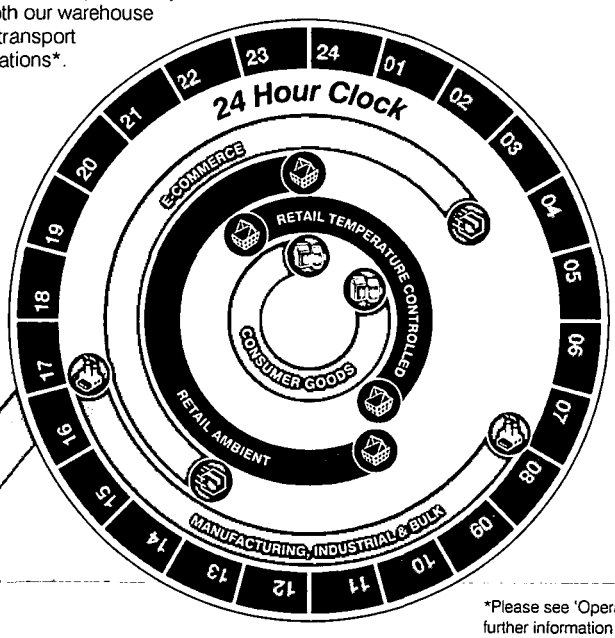
Manufacturing, Industrial and Bulk (MIB)

We provide services to MIB customers, which include the movement of raw materials and components used in manufacturing processes, aggregates and cement to construction sites, as well as the specialist delivery of fuel.

This market is highly fragmented and relatively under-invested in terms of its supply chain, especially when compared to more advanced sectors such as Retail and Consumer.

This presents Eddie Stobart with an opportunity for growth at a rate faster than the underlying sector, through industry consolidation and the introduction of a multi-user offer.

This is evidenced by the fact that while the MIB sector is only expected to grow at 1% per annum[7], Eddie Stobart's revenue grew by 37% in the year.



Key

- MIB
- E-commerce
- Retail
- Consumer

*Please see 'Operating Model' on page 6 for further information on how our assets are used at different times in different sectors.

Data Sources

1. Top 100 in European Transport and Logistics Services 2015/2016, as at 31 December 2015
2. IBISWorld, Freight Road Transport in the UK, 2016; IBISWorld, Warehousing and Storage in the UK, 2016; IBISWorld, Freight Rail Transport in the UK, 2016
3. CTP Industry Sector Guide – Transport & Logistics, March 2017
4. Motor Transport UK, Top 100 – 2016
5. Retailing in the United Kingdom, Euromonitor, February 2017
6. IMRG, Capgemini E-Retail Sales Index
7. Euroconstruct Database December 2016

Retail

Store-based retailing in the UK was estimated to be worth £361bn 2016 and is expected to grow at a rate of 0.4% per annum to 2021[8].

The key trend in this sector is a decline in recent years of in store sales, due to increased competition from discounters, as well as the move from bricks and mortar sales to online retailing[8].

This in turn, has led to increased price competition in the store-based retail market.

As a result of the above, retailers are continually reviewing their supply chains to identify opportunities to reduce costs, whilst maintaining the effectiveness of their in-store and online offers.

The most recent trends show increasing numbers of retailers are now considering outsourcing more elements of their supply chain in order to leverage their own cost base.

This, we believe, will increasingly lead to the outsourcing of logistics operations to scalable logistics operators, such as Eddie Stobart.

Consumer

The UK's fast moving consumer goods market (FMCG), is relatively mature with forecast growth at less than 1% per annum to 2020[9].

This long-established sector includes the movement of manufactured products, comprising a broad range of both ambient and temperature-controlled goods, such as milk, soft drinks and personal care goods.

This sector is dominated by large international brands within large UK operations. Their logistics solutions are a mix of in-house and pre-existing outsourced solutions.

As with the Retail sector, a combination of low growth and price competition is expected to result in market participants focusing more on core competencies, as well as seeking to increase efficiencies, by outsourcing to specialist logistics providers.

Europe

Our European operations are headquartered in Genk, Belgium and comprise two divisions: car storage and distribution and general cargo. There are c.400 people working in our European businesses.

We also operate in joint venture arrangements at three sites relating to inspection and preparation of finished vehicles. Please see note 4 on page 92 of the accounts for further information on the structure of these operations.

Car storage and distribution

At our site in Genk, we can store up to 5,000 vehicles and provide pre-delivery inspection services for new cars and repair and renewal services for used vehicles. The site is operating at full capacity for our blue-chip customer base that includes the major European and Japanese manufacturers.

We operate c.104 specialist car carriers, half of which are based in Prague in the Czech Republic, delivering and collecting vehicles to and from dealerships in Belgium, the Netherlands, Luxembourg and the United Kingdom. Annual throughput currently exceeds 300,000 vehicles. We are seeing significant growth with customers in the used and ex-hire/lease car sectors, where additional value-added services generate further revenue.

General cargo

We provide long-distance Full Truck Load (FTL) transport for a number of major international customers across Europe, including the United Kingdom, Benelux, Germany, Czech Republic, Italy, Spain and Switzerland. Our fleet of c.139 vehicles is based in three locations: Prague, Sevlievo in Bulgaria and Bucharest in Romania. Support is also provided to our UK Special Operations team in relation to the Federation Internationale de l'Automobile (FIA), Formula One World Championship™ 2018.

Growth strategy

Our strategy for growth in Europe is to leverage our existing UK customer relationships and seek accretive acquisitions that will give a step-change in scale and a broader platform.

8. Retailing in the United Kingdom, Euromonitor, February 2017
9. The UK fast moving consumer goods market is defined here as follows: aggregation of apparel and footwear, consumer electronics, fresh food, home care, hot drinks, packaged food, beauty and personal care, tobacco, soft drinks and alcoholic drinks

Special Operations

A dedicated Special Operations team at Eddie Stobart, consisting of c.75 employees with an additional c.150 individuals engaged at the height of the season.

They work around the clock to deliver logistics and technical services for the FIA Formula One World Championship™ 2018 season, providing the highest levels of security, punctuality and agility.

Our team has the required experience built up over many years, supporting the Motor Sport's industry to help the FIA fulfil essential services for motorsports top named brands. Our customers include two leading race teams and the Championship tyre provider.

We offer full end-to-end logistics including:

- Race team logistics
- Motorhome logistics – transport between circuits
- Motorhome and Garage build and demount
- Temperature controlled storage for tyres
- Maintenance support

Our operating model provides the platform to offer a full range of bespoke solutions for customers

Our operating model

Eddie Stobart operates across the whole supply chain, delivering innovative logistics solutions.

We operate within four key sectors of the market and offer a range of services across the supply chain.

We offer dedicated and multi-user warehousing facilities and following the acquisition of iForce we have broadened our capabilities in providing e-commerce fulfilment services and returns management.

Eddie Stobart operates a pay-as-you-go, shared-user network operating in complementary sectors.

We maximise fleet utilisation by carrying loads for multiple customers in one vehicle and manage movements using state-of-the-art technology to minimise empty miles. This allows for greater flexibility and profitability, which can be passed on to customers in the form of lower charges.

The scale of our network, which is unique among UK logistics providers, is key to the success of this model.

We have a market-leading vehicle utilisation rate when compared to the industry average.

Peaks and troughs in customer demand are driven by seasonal trends, with the period between Black Friday and Christmas being the busiest of the year for our customers within E-commerce, Retail and Consumer sectors.

During the peak periods our activities are supported by under-utilised assets in the trough period in the MIB sector, allowing us to provide continued high levels of services, coupled with high levels of efficiency and utilisation.

Our transport model is typically pay-as-you-go, with jobs priced on agreed times for loading, travelling, unloading and travel to the next pick up point, with fuel costs being a simple flow through as prices increase and decrease.

This gives the customer greater transparency on the time and miles components that make up the commercial rate they pay.

The customer takes the risk on loading and unloading times, with any benefits from improvements made retained by the customer through lower prices and fuel costs. Improvements in agreed running times are typically shared between Eddie Stobart and the customer.

Our competitors typically operate on cost plus contracts that dedicate individual vehicles to specific customers (often in customer livery) with charges passed to the customer on a fixed-price or rate-based pricing structure. Under this model, vehicles typically return empty to depots and wait for their next load.

Our consulting-led approach

Identifying customer needs and responding with bespoke solutions

A consulting-led approach is fundamental to our growth strategy of accessing new business opportunities across the supply chains of new and prospective customers. This includes design and delivery of solutions.

The Directors continue to believe that the Eddie Stobart model is unique and supports the trend for customers to outsource their logistics operations. Our model is difficult to replicate as it requires a large-scale network, innovative technology and the ability to operate on a shared-user basis.

Our strong leadership team, including our leaders within iForce, Speedy Freight and Logistic People, has a breadth of sector expertise. This team is key to the successful development and operation of our business model.

A key element of our business model and growth strategy is to ensure that we have high quality operational sites capable of meeting our customers' requirements for storage and distribution of their goods.

Given the relative scarcity of high quality sites in key strategic locations and the long lead-times for new developments, we have a special projects team with the skills and knowledge to work with landlords and developers to source and secure capacity to meet current and anticipated future demand.

Our pay-as-you-go model

Our customers pay for what they use

This capacity is delivered through a range of transactions, new leases, pre-lets with developers and re-gearing existing sites. We obtain value for shareholders by capitalising on our covenant strength, which allows us to enter into arrangements for profit sharing and capital investments by landlords.

The Group's leasehold properties are held on institutional lease terms at or below market rents. Since the start of the 2017 financial year the Group has secured an additional 1,100,000 sq.ft. of high quality operational capacity across five sites to meet increasing customer demand. Even with these sites coming online the Group is currently operating at close to full capacity.

The Group has also entered into an agreement to take a further 840,000 sq.ft. of new property in Corby (August 2019) and an option to develop a site in Warrington which would allow a further 620,000 sq.ft. of warehouse space to be available in 2020.

The special projects team is also planning further upgrades to the Group's truckstop operations, including potential new sites in the South and Midlands, and continues to generate value for the Group by offering its warehousing and logistics expertise to third parties.

Our innovative software

We are investing in specialist equipment and software solutions to meet our customer requirements. Our ability to offer IT led solutions has been further enhanced by our iForce acquisition

Our flexible asset model

We have the ability to significantly flex vehicle capacity up and down at very short notice, in line with customer demand

Strong leadership

We have a strong experienced leadership team that has a breadth of sector expertise, including our leaders in iForce, Speedy Freight and Logistic People

What we do:

- We're a market leading logistics services provider across Retail, Consumer, E-commerce, Manufacturing, Industrial and Bulk across the UK and continental Europe
- We provide operational solutions across ports, rail, warehousing and primary and secondary transport that support our customers' supply chain
- We develop agile and innovative responses to ever-changing customer needs
- We offer dedicated and multi-user warehousing and value added services across the supply chain

How we do it:

- Utilising our assets to generate the most cost effective solutions for customers
- Ensuring all our people are equipped with the right tools and training to do their jobs effectively and efficiently
- Delivering innovative customer solutions and service excellence
- Minimising the number of empty runs through our shared user network

We will build long-term strategic relationships with our customers and create value for shareholders

How this will be achieved



We will:

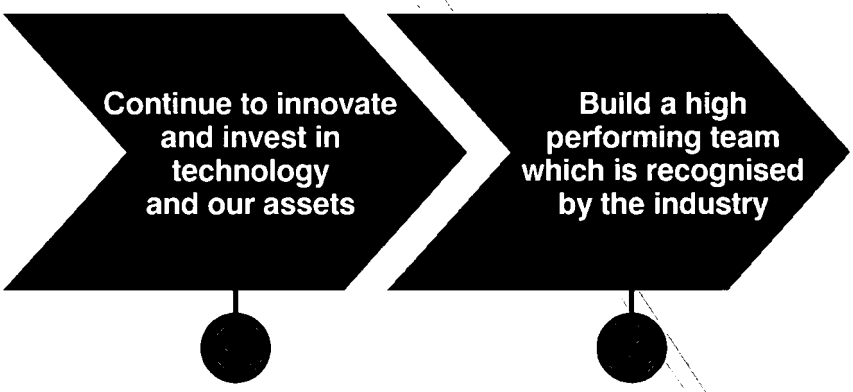
- Work with existing customers to further leverage our existing relationships
- Develop new customer contacts and grow those relationships
- Focus on high growth sectors such as E-commerce and MIB to deliver growth and also to drive asset utilisation
- Seek to acquire businesses that can add new capabilities and skills to our overall service offering
- Grow our business in Europe by leveraging existing customer relationships

We will:

- Stay close to our customers to ensure high levels of customer satisfaction, making sure we become aware of issues and provide solutions before they become problems
- Monitor service-related performance indicators to ensure we deliver what we have promised
- Continue to upskill our people to enable them to deliver excellent customer service
- Continue to reinforce our corporate values that encourage us to put customer service at the heart of everything we do

We will:

- Build and develop long-term strategic relationships
- Continue to invest in our network to support growth and cost reductions
- Leverage our network into attractive specialist niche markets
- Increase awareness of our skills and capabilities in developing effective end-to-end supply chains
- Ensure we have high quality operational sites capable of meeting customer needs



We will:

- Further develop our transport optimisation capability
- Leverage our state-of-the-art in-cab vehicle technology
- Invest in our warehousing operating systems
- Continue to provide the best equipment to enable our employees to perform their roles efficiently
- Optimise systems and processes to deliver continuous improvements

We will:

- Recruit new team members with specialist skills needed to expand our business
- Retain and upskill our employees
- Continue to broaden the commercial offering of our Training Academy to raise the overall quality and quantity of our skilled and well trained drivers, as well as for the wider industry
- Invest in training courses across a range of disciplines allowing employees at all levels to expand their knowledge and skills
- Deliver a new online Learning Management System (LMS) to facilitate extensive training to all employees

Our achievements in 2017

Organic growth and increasing market share

We have achieved double digit growth in underlying revenue most notably in the E-commerce and MIB sectors. Our acquisition of iForce, an E-commerce fulfilment specialist, brought new customers to the Eddie Stobart group and broadened our service offering, enabling us to win further new contracts in this sector. We invested in MIB specialist equipment and skilled employees to deliver a number of new contract wins.

Targeted acquisitions

As well as broadening our E-commerce fulfilment capabilities, we now offer a complete returns management service as a result of the acquisition of iForce. We also acquired control of Speedy Freight, a same day business-to-business freight service provider. These acquisitions have broadened our service offering capabilities enabling us to provide new services to existing customers as well as win new ones. We have utilised cross-selling opportunities between these businesses and our core business. We acquired the remaining 50% of Logistic People, a recruitment services provider, to further enhance our ability to recruit drivers.

Investment in technology and systems

We have continued to invest in upgrading and simplifying our end-to-end technology platform.

By streamlining our back-office processes, including our fleet and asset management system, which monitors servicing and maintenance of vehicles and equipment, we are improving our overall efficiency.

Our acquisitions

Our strategy is to supplement organic growth by targeting acquisitions at attractive multiples

Since we listed in April 2017, we have successfully completed three major acquisitions*: We have a team with specialist skills that identify acquisition opportunities and complete transactions. The table below illustrates the criteria we apply when considering if an opportunity is attractive.

Acquisition criteria	iForce	Speedy Freight	Logistic People
Significantly enhances and develops Eddie Stobart's skills, capacity and capabilities	• Expanded product offering to Eddie Stobart's existing customer base • Eddie Stobart now strong number two in this dynamic market	• Nationwide 24-hour, express freight service provider	• Attract and retain quality staff for Eddie Stobart and the wider commercial market
Positions the business in new attractive market space	• Transformational acquisition • iForce is one of the market leaders in the fast growing and evolving UK multi-channel fulfilment and returns market. • Underpinned by a suite of market-leading proprietary software	• Specialises in urgent, delicate, fragile, heavy, time-sensitive, high value, abnormal and difficult to handle loads	• Vision is to become an established provider of industry leading recruitment services
Clear synergistic opportunities	• Significant cross selling opportunities for both Eddie Stobart and iForce customers • Leveraging respective customer relationships to drive further growth	• Expands the Eddie Stobart product line for its existing customers within the E-commerce and MIB sectors, broadening our capability to supply our services across the whole supply chain	• Key components in place to leverage the Eddie Stobart brand
Shareholder value accretive	• For the seven months from acquisition to 30 November 2017, iForce generated sales of £39.6m and operating profit pre exceptional items (see note 6 on page 65 to the accounts) of £2.8m • Trading to expectations	• For the five month period from acquisitions to 30 November 2017, Speedy Freight generated sales of £9.5m and operating profit pre exceptional items (see note 6 on page 66 to the accounts) of £1.0m • Trading to expectations	• In-house recruitment services represent a significant ongoing cost saving for the Group • Trading to expectations

*During the year we acquired certain assets from Canute Haulage Group Limited, please see note 6c on page 67 of the accounts for further information.

Chairman's statement

"Eddie Stobart is much more than a haulage business"

Philip H Swatman
Chairman

Overview

Having joined the Board as Chairman of Eddie Stobart Logistics in April 2017, I'd like to take this opportunity to welcome all our new shareholders to the business. Notwithstanding the changes in ownership in recent years, the business has continued to maintain its traditional high standards of customer service and integrity, as well as develop new service offerings and expand in new sectors.

People and Board

In addition to my appointment, Christopher Casey and Stephen Harley joined as Non-executive Directors, bringing strong financial and operational expertise to the Board.

Our Board is compact and the Directors have an extensive range of skills. We are able to remain tightly focused on the continued development of our business, under the outstanding leadership of our Chief Executive Officer, Alex Laffey. We can also leverage opportunities as and when they come, responding quickly and efficiently.

I have been particularly impressed by the enthusiasm and dedication of all our staff, who have been instrumental to ensuring we deliver our service promise to customers.

It is really important to me that all our people receive the right training to do their jobs effectively. We will continue to invest by offering training courses across a range of disciplines, allowing employees at all levels to expand their knowledge and skills.

Financial performance

Eddie Stobart performed strongly in 2017, achieving significant growth and securing a number of new contract wins. We have leveraged our warehousing and transportation model and completed a number of successful acquisitions, all of which adds to our skills and capabilities and positions us well across high growth markets.

The core business of transport and logistics remains competitive. We pride ourselves on differentiating our quality of service levels, which is critical to our customers' operations, and providing tailored offerings which contribute to their efficiency. Our profitability is enhanced by industry leading levels of utilisation and skilful procurement and management of the assets used in our business.

Our overall performance in the year gives us confidence that we will continue to make progress against our growth strategy in the year ahead. Continued strong cash generation enabled the Group to pay an interim dividend of £5.0m (1.4 pence per share) during the year. The Board is recommending a final dividend of £15.8m (4.4 pence per share), making a total of £20.8m, (5.8 pence per share) for the 2016/17 financial year.

Outlook

The new financial year has started well and in line with the Board's expectations. I am encouraged by our continued strong operational and customer performance. Based on the performance of the businesses we have acquired in 2017 and major contract wins, supported by a strong new business pipeline, the Board is confident of further growth in the year ahead.

In terms of the wider business environment, we continue to see encouraging trends in all sectors with new and existing customers considering outsourcing, so that they can concentrate on their core operations and customer offerings. We have also seen further consolidation in the logistics sector in 2017 and early signs indicate that the trend will continue, providing further opportunities for growth.

Whilst our existing business in continental Europe is small, we have ambitions to develop this, replicating our successful model in the UK. We will be keeping the Brexit position under review but, to date, we have seen no significant impact from Brexit on our business.

Finally, I would like to thank all employees, customers and wider stakeholders for their continued support, hard work and valuable contribution.

Philip H Swatman
Chairman
10 April 2018

Chief Executive's statement

"We have made good progress in implementing our strategy of becoming a leading provider of end-to-end supply chain solutions"

Alex Laffey
Chief Executive

Group results

Our Group revenues have increased by 9.4% to £623.9 million for the year to 30 November 2017 (2016: £570.2 million). Underlying EBIT* has increased by 17.4% to £48.5 million (2016: £41.3 million) whilst operating profit decreased by 1% to £26.6m (2016: £26.8m).

I am extremely pleased with the significant progress we've made in our first year as an AIM listed company in terms of delivering our commitments and strategy in our targeted sectors of Retail, Consumer, Manufacturing, Industrial and Bulk and E-commerce.

Effective implementation of our business strategy has been key to our success and I am proud of what we've delivered through the platform of our unique network and consulting-led approach.

Eddie Stobart focuses on providing cost-effective innovative logistics solutions to our customers across the supply chain. In my 30 years within the retail industry, I have become acutely aware of the importance of building and developing close working relationships with customers.

We invest in our customer relationships to ensure we deliver high levels of customer service and provide innovative solutions in a rapidly developing market.

During the year, we have continued to grow through new customer wins and renewal of contracts with long-term existing customers in the four key sectors in which we operate.

In April we acquired iForce, an e-fulfilment specialist, providing a comprehensive e-commerce offer to a wide range of retailers.

We also acquired control of Speedy Freight a same day business-to-business freight service, through the purchase of 50% of its shares. Both of these acquisitions have broadened our service offering and capabilities, enabling us to provide new services to existing customers, as well as win new customers. As a result of these acquisitions we have also benefitted from a number of cross-selling opportunities.

To support our development within our key strategic growth sectors, we have recruited new people into the business to help deliver excellent service levels to our customers.

We are also investing in industry-leading technology and equipment needed to continue to provide advanced supply chain operations to our blue-chip customers in the rapidly developing logistics market.

Operational performance

In order to deliver growth, our operations team has had to flex and continually review the network, ensuring we are able to deliver the high levels of service that our customers demand.

In addition, all of our people have needed to develop new skills and embrace changes in the way we operate, as we simplify ways of working and at the same time, take on new and exciting contracts which demand more complex solutions.

The acquisition of iForce brought new customers in the E-commerce sector, contributing to our significant increase in revenue of 111% to £103.4 million in the year (2016: £49.1 million).

We have seen good growth in our more established Retail operations, where we are now working with the majority of the UK's top five retailers.

Our MIB sector is now our largest segment and has also seen significant growth during the year of 37% to £182.0 million (2016: £132.7million). This has been delivered through a combination of the full year effect of 2016 contract wins, as well as organic growth with existing new contract wins through the period.

Within Consumer, revenues in the year were down by 12% to £144.6 million (2016: £164.6 million). This was due to the loss of one significant contract, which I am now pleased to say has been successfully re-secured.

The business has achieved a number of high profile contract wins during the year and we are proud of the new customer relationships we have recently started.

Adding to these wins, we are delighted to have renewed a number of contracts within our existing portfolio of blue-chip customers, worth an estimated £41 million and secured a further £89 million of new volume with new and existing customers.

Furthermore, we have integrated our under-performing ports business into the wider transport network in order to improve utilisation and profitability.

Software and technology

We recognise the critical role that systems and technology play in the modern supply chain. In 2017 we made further investments in our technology capability across our business, both operational and back-office.

* Non GAAP Alternative Performance Measure (see note 4 on page 61 of the accounts for reconciliation to statutory IFRS measure).

We continue to invest in the best available tools and systems to simplify ways of working, improve efficiency and ensure our people are well equipped to deliver service excellence. This has included the successful replacement of the in-vehicle systems and telemetry throughout the entire Eddie Stobart vehicle fleet, delivering industry-leading, custom-designed equipment and software.

Our acquisition of iForce now allows us to include leading E-commerce software as part of our service offering. The iForce system offers customers a full end-to-end supply chain solution which is modular in design allowing customers to use all or part of the solutions on offer.

As we move forward, our ongoing system development programme is designed to streamline and simplify our operations, keeping us at the forefront of the industry in delivering service excellence and advanced end-to-end supply chain solutions.

Brand update

Since listing in April 2017, our brand licencing arrangement with Stobart Group has not changed, with the present financial arrangements ending in February 2020.

We have options beyond 2020 to continue our licencing arrangements;

- Pay £3 million a year for continued use of the licence
- Purchase a perpetual licence for £15 million for use in the logistics market
- Purchase a perpetual licence for £50 million for unrestricted use

The team at Eddie Stobart is passionate about our name and the leading brand. However, we also recognise that following the introduction of our new strategy and the recent acquisitions, we need to review our position given the broader range of supply chain services we now offer.

The Board is committed to reviewing all options and we will ensure we consider the views and interests of our people, customers and shareholders before deciding on the best way forward.

People

The commitment of the leadership team and the engagement and support from all employees has been key to our success in delivering our plans. I would like to thank the whole team for their enthusiasm and dedication, without which our listing on AIM and these results would not have been possible.

The market today is very different to a few years ago due to the shift in retail shopping habits and the advent of online shopping. This has resulted in our customers looking for more than the traditional support from their logistics providers.

Our staff are now required not only to understand their own roles within the organisation but also what is important to specific customers.

As a result, our people plan is focused on upskilling and developing our existing people, as well as attracting the best people across the industry to support our exciting growth agenda.

Our Training Academy has been recognised as a leading facility by customers, suppliers and industry advocates. Opening up our services supports our wider strategy to supply skilled drivers and warehouse operatives to businesses through their supply chain resource services.

In 2017, we expanded the commercial offering of our training to the wider market, opening up a second Training Academy just outside Rugby in the Midlands, complementing our existing facility in Warrington.

We are pleased with our progress this year and as a result, we are well placed to continue with our growth strategy in the year ahead.

Alex Laffey
Chief Executive
10 April 2018

Revenue
£623.9m
+9%

MIB revenue
£182.0m
+37%

E-commerce revenue
£103.4m
+111%

Underlying EBIT*
£48.5m
+17%

Underlying EBIT margin*
7.8%
+0.3ppts

Profit before tax
£9.9m
–12%

* Non GAAP Alternative Performance Measure (see page 61 of the accounts for reconciliation to statutory IFRS measure).

Chief Financial Officer's statement

Underlying revenue* and underlying EBIT* grew by 14% and 17% respectively

- Strong underlying sales growth
- E-commerce sales increased 111% and MIB sales were up 37%. This provides a healthy balance to our portfolio
- Our growth in profitability is demonstrated by underlying EBIT* growth of 17% while underlying EBIT margin* improved from 7.5% to 7.8%
- We are pleased by the progress made by the companies we have acquired. They are performing in-line with expectations
- Operating profit fell by 1%, principally due to non-recurring IPO costs
- Significantly improved financial position with net debt reducing from £165.5m to £109.5m
- Final dividend proposed of 4.4 pence per share making a total of 5.8 pence per share for the full year in line with our progressive dividend policy

Damien Harte
Chief Financial Offi

Performance summary

Underlying Results*	2017	2016	Growth
Revenue[1]	**£623.9m**	£549.0m	13.6%
EBIT[2]	**£48.5m**	£41.3m	17.4%
EBIT %	**7.8%**	7.5%	0.3ppts
EBITDA[3]	**£55.3m**	£47.4m	16.7%
EBITDA %	**8.9%**	8.6%	0.3ppts
Adjusted Profit before tax[4]	**£37.8m**	£24.0m	57.5%
Adjusted Free cash[5]	**£30.0m**	£28.8m	4.2%
Adjusted Earnings per share[6]	**9.8p**	7.9p	24.0%

Statutory Results	2017	2016	Growth
Revenue	**£623.9m**	£570.2m	9.4%
Operating profit	**£26.6m**	£26.8m	(0.7%)
Profit before tax	**£9.9m**	£11.2m	(11.6%)
Net cash from operating activities	**£18.9m**	£17.7m	6.8%
Earnings per share	**1.2p**	3.3p	(63.6%)
Proposed dividend per share	**5.8p**	–	–
Net debt	**£109.5m**	£165.5m	(33.8%)

Although statutory IFRS results should be used in assessing the performance of the Group, the Directors believe that a more relevant presentation of the financial results for the period is arrived at by excluding the impact of the exited Ireland Retail segment from the 2016 comparator and by adding back the share of profit from equity accounted investees, employee share scheme costs funded by the previous parent holding group, investees and management charges, amortisation of acquired intangibles and exceptional items and including the gain arising on lease agreements. In doing so we arrive at a more representative view of the underlying trading performance of the business during the year. A full reconciliation of these measures to their statutory equivalent is set out in note 4 of the accounts and definitions for these measures can be found below:

1 Underlying revenue is defined as revenue less revenue from the exited Ireland Retail segment.
2 Underlying EBIT is defined as profit from operating activities before exceptional items, amortisation of acquired intangibles, Group's share of profit from equity accounted investees, employee share costs funded by previous parent holding group, investor and management charges and including the gain arising on any lease agreements.
3 Underlying EBITDA is defined as Underlying EBIT before depreciation of property, plant and equipment.
4 Adjusted profit before tax is defined as profit or loss before tax adding back exceptional items and amortisation of acquired intangibles and including the gain arising on lease agreements.
5 Adjusted free cash flow is defined as cash generated from operating activities less purchase of property, plant and equipment adding back proceeds from the sale of property, plant and equipment and adding back income taxes paid and the cash impact of exceptional items.
6 Adjusted earnings per share is defined as profit after tax adding back exceptional items and amortisation of acquired intangibles and including the gain arising on lease agreements divided by the weighted average basic and diluted number of shares in issue at 30 November 2017 (see note 12).

* Non GAAP Alternative Performance Measure (see note 4 on page 61 of the accounts for reconciliation to statutory IFRS measure).

Revenue

Revenue by Sector	2017 £m	Weighting %	2016 £m	Weighting %	Growth %
Retail	**168.6**	**27%**	152.2	27%	11%
Consumer	**144.6**	**23%**	164.6	29%	(12%)
MIB	**182.0**	**29%**	132.7	23%	37%
E-commerce	**103.4**	**17%**	49.1	9%	111%
Other	**25.3**	**4%**	50.4	9%	(50%)
Underlying revenue*	**623.9**	**100%**	549.0	97%	14%
Ireland Retail segment exit	**–**	**–**	21.2	3%	–
Revenue	**623.9**	**100%**	570.2	100%	9%

The Group's revenue of £623.9m for the year ended 30 November 2017 was 9.4% higher than in the previous year (2016: £570.2m) on a reported basis. Excluding the exited Ireland Retail segment underlying revenue* for the 12 months to 30 November 2017 was a 13.6% increase over the comparable period in 2016, with 8% being driven by revenue generated from new acquisitions (see note 6).

Within the 2017 financial year there has been a substantial growth in three of our four market sectors.

Our E–commerce revenues grew by 111% from £49.1m to £103.4m helped by strong organic growth and the acquisition of iForce in April 2017.

The Manufacturing Industrial and Bulk (MIB) segment is now our largest segment at £182.0m and grew £49.3m (37%). This growth was delivered by a combination of the full year effect of 2016 contract wins, organic growth with existing customers and new contract wins in the year.

Growth in these two sectors provided further balance and diversification to our business. Due to the complementary nature of the demand patterns versus Retail and Consumer this further contributed to our sector leading levels of utilisation.

Our Retail sector grew from £152.2m to £168.6m (11% growth), the majority of which represents a strong performance in a mature market. This sector has benefited both from the full year effect of 2016 and 2017 contract wins. We now work with most of the major UK retailers.

Revenue in our Consumer sector reduced by £20.0m to £144.6m (-12%). This was due to the loss of one significant contract, which I am now pleased to say has been successfully re-secured.

We will continue to review our contract base to ensure acceptable levels of profit are achieved commensurate with the exceptional levels of service provided.

Within the year we renewed £41m of existing contracts and secured an additional £89 million of new volume with existing and new customers.

Profit and margins

Underlying EBIT* for the 12 months to 30 November 2017 was £48.5m and in line with market expectations. Despite the challenges facing our customers in the traditional Retail and Consumer sectors, underlying EBIT margin* increased from 7.5% to 7.8%.

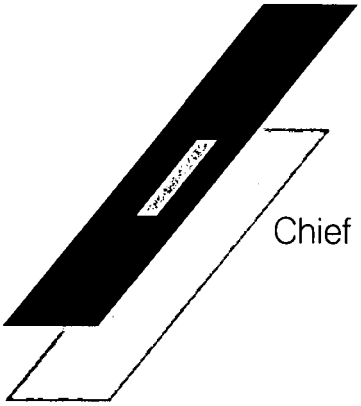
This outcome was the result of a number of factors:

- Strong performance in the high growth sectors of MIB and E-Commerce
- Good contributions from our acquisitions
- Continuing programme of optimising our warehouse portfolio and generation of value from our warehousing expertise
- Absorbed plc costs and the integration of our unprofitable ports business into the network
- The benefit of further network efficiencies
- The delayed contract start-up costs caused by several new contracts going live in the first quarter of 2018 rather than in 2017

Cash flow and funding

Cash Flow	2017 £m	2016 £m
Underlying EBITDA*	**55.3**	47.4
Net capital expenditure	**(5.1)**	(0.8)
Working capital	**(10.2)**	(9.0)
Tax	**(2.7)**	(1.7)
Net interest	**(7.7)**	(10.3)
Other items	**0.4**	3.2
Adjusted free cash flow*	**30.0**	28.8
Acquisition of subsidiaries and non-controlling interests	**(48.3)**	(1.7)
Proceeds from issue of share capital (net of costs)	**118.0**	–
Drawdown of new borrowings	**98.4**	–
Repayment of debt	**(179.0)**	(5.8)
Other items	**(2.2)**	(7.2)
Dividends	**(5.0)**	–
Cash	**11.9**	14.1

* Non GAAP Alternative Performance Measure (see note 4 on page 61 of the accounts for reconciliation to statutory IFRS measure).



Chief Financial Officer's statement continued

Cash flow and funding continued

Adjusted free cash flow* was £30.0m (2016: £28.8m) in 2017. The main drivers were the improved underlying trading performance (underlying EBITDA* of £55.3m versus £47.4m in 2016), offset by the one-off working capital impact of acquiring iForce and Speedy Freight balance sheets at acquisition and working capital investment in the remainder of the Group as the business continues to grow.

The Group increased levels of net capital expenditure as the business continues to invest in systems and technology, specialist assets to support growth in our growing MIB sector and also in warehousing infrastructure.

Net interest payments reduced from £10.3m in the prior year to £7.7m in the current year reflecting the reduction in both the quantum of bank debt and the margin charged, for which we will receive further full year cash benefit during 2018.

The cash tax charge was a net payment of £2.7m in the year as compared to a £1.7m payment in the prior year.

Within the year, the cash cost of acquisitions was £48.3m. The acquisitions related to iForce, Speedy Freight and the remaining non-controlling interest in Logistic People, more information on which can be found in note 6 of the accounts.

Net debt

Net Debt	2017 £m	2016 £m
Finance leases	**17.8**	11.9
Bank loans	**103.6**	135.4
Loan notes	**–**	32.3
Cash	**(11.9)**	(14.1)
Net Debt	**109.5**	165.5

On 13 April 2017 the Group entered into a senior facility agreement for £100.0m with a syndicate of lenders comprising the Bank of Ireland, BNP Paribas, Allied Irish Bank and KBC Group. The facility is subject to a variable rate of interest and is repayable in full in April 2022. On 25 April 2017, we drew down the full finance facility of £100.0m and repaid the previous finance facility of £139.0m (using proceeds of the IPO). The residual capitalised bank fees associated with the previous facility of £6.6m were taken directly to the income statement and have been classified as an exceptional item in note 5 of the accounts.

In July 2017 we entered into a four year interest rate hedging arrangement with a 12 month deferred start date covering £60m of the term facility providing a substantial hedge against the current upward trend in interest rates.

During the year we also entered into a new revolving finance facility with KBC Group which provides access to £75.0m (2016: £50.0m) though normally restricted to £65.0m (2016: £40.0m). The facility is subject to a variable rate of interest and is in place until 2021.

Covenant	Ratio to EBITDA	30 November 2017
Leverage Ratio[2]	<3.2	1.9
Net Interest Cover[2]	>4.0	10.6

The Group operates within its banking covenants and has significant levels of headroom. At 30 November 2017 we had cash and unutilised finance facility of £81.7m.

Net debt at 30 November 2017 divided by underlying EBITDA* at 30 November 2017 was 1.9 compared with 3.5 at 30 November 2016, a significant reduction.

Financing costs

Finance expenditure	2017 £m	2016 £m
Finance expense		
Interest payable on bank loans and overdrafts	6.3	9.8
Amortisation of bank fees	1.0	1.7
Interest payable on loan notes	1.7	4.0
Interest payable on finance leases	0.7	0.5
Finance expense	9.7	16.0
Finance expenses exceptional costs		
Residual capitalised bank fees relating to previous loan	6.6	–
Costs associated with hedge closure	1.1	–
Total finance expense	17.4	16.0

Proceeds raised from the IPO were used to refinance existing debt, with net debt falling from £165.5m to £109.5m. As a consequence, both the quantum and the cost of debt financing has decreased and this will flow through in lower interest costs going forward.

Finance costs before exceptional finance items for the year were £9.7m, a substantial reduction of £6.3m on the prior year (2016: £16.0m). At current run rate, the decreased quantum of borrowing and improved interest rates would have an annualised effect of a further reduction of £3.0m of finance costs if levels of borrowing remained constant.

Exceptional items

Exceptional items for the year were £16.8m, reduced by a £4.6m credit, explained below. Of this £13.4m related to the IPO, associated bank refinancing and exceptional costs relating to the acquisitions made during the year.

The remaining exceptional costs of £3.4m related to restructuring the business, in particular the costs of exiting the Ireland Retail segment. The benefits of these charges will flow through in lower costs and increased EBIT in future years.

In 2017 a £4.6m credit was recognised in exceptional items relating to a leasehold property at Goresbrook Park. Due to increased business demand the Company undertook a major redevelopment of our strategically important site at Goresbrook Park, Dagenham, funded by our landlord, which increased the revenue earning capacity by over 100%, added significant additional state-of-the-art warehousing capacity, improved transport operations facilities and enhanced rail connectivity. In conjunction with this redevelopment we surrendered our existing lease and signed a new 26 year institutional lease at market rent appropriate to the new facility. As a consequence certain credits relating to the original lease were released to the profit and loss account, namely the unamortised portion of the original two year rent free period and the provision for the contractual uplifts of rent over the original 17 year lease term. The aggregate amount of these credits was £4.6m.

Given the relative magnitude of the amount released, the Company is disclosing this as an exceptional credit in the year. However, as releases of this nature flow naturally from our continuing strategic development of our warehousing portfolio, and may well occur in the future, the Directors consider that this forms part of the underlying trading performance of the business.

* Non GAAP Alternative Performance Measure (see note 4 on page 61 of the accounts for reconciliation to statutory IFRS measure).
[2] Leverage Ratio and Net Interest Cover are based on banking definitions specific to the banking documentation.

Tax

Taxation	2017 £m	2016 £m
Profit before tax	**9.9**	11.2
Underlying tax at prevailing tax rate	**1.9**	2.2
Non-deductible items	**1.9**	0.5
Adjustment in respect of prior periods	**1.2**	(1.5)
Other	**–**	0.1
Tax as reported	**5.0**	1.3
Effective rate of tax	**50.5%**	11.6%
Underlying tax charge	**13.3%**	5.5%

Our high effective tax rate for the year reflects the non-deductibility of a significant proportion of our exceptional costs, particularly those costs associated with the IPO during the year.

The adjustment in respect of prior periods is due to an updated professional review of the future tax deductibility of the brand intangible.

The underlying tax charge* (excluding exceptional costs and amortisation) was 13.3% (2016: 5.5%).

Dividends

Dividends	2017 pence per share	2016 pence per share
Interim	1.4	–
Final (recommended)	4.4	–
Total	5.8	–

	2017 £m	2017 £m
Interim	5.0	–
Final (recommended)	15.8	–
Total	20.8	–

In line with our progressive dividend policy, the Group paid a dividend of £5.0m (1.4 pence per share) during the year. We are also recommending a final dividend of £15.8m (4.4 pence per share) giving a total of £20.8m (5.8 pence per share) for the year.

The final dividend will be paid, subject to shareholder approval, on 7 June 2018. The record date will be 11 May 2018.

Earnings per share

Underlying basic and diluted earnings per share* is 9.8 pence (2016: 7.9 pence). Reported basic and diluted earnings per share is 1.2 pence (2016: 3.3 pence).

Acquisitions

On 28 April 2017 the Group completed the acquisition of iForce Group for a consideration of £45.0m (£8.0m shares and £37.0m in cash).

For the period 28 April 2017 to 30 November 2017, iForce Group generated sales of £39.6m and operating profit before exceptional items of £2.8m.

On 4 July 2017 the Group acquired 50% of the share capital and deemed control of Puro Ventures (trading as Speedy Freight) for an initial payment of £4.1m. For the period from acquisition to the year-end Speedy Freight contributed £9.5m in sales and operating profit before exceptional items of £1.0m.

On 7 August 2017 the Group entered into a business purchase agreement to acquire trucks, trailers and a contract from Canute Haulage for a consideration of £1.

On 30 August 2017 the Group acquired the remaining 50% of Logistic People which was already fully consolidated for a consideration, of up to £7m, £5m of which was paid on completion.

In both the Speedy Freight and Logistic People acquisitions, an element of consideration has been deferred in order to incentivise management to maximise shareholder value over the course of the next three years.

All acquisitions are trading in line with expectations.

Key Performance Indicators

We use the following measures as management tools to assess how we are performing as a business:

Financial measures

- Revenue by month and year to date
- Underlying EBIT* and underlying EBITDA* by month and year to date
- Projected new business pipeline

Non-Financial measures

- Health and Safety – Accident Frequency Rate and reported RIDDORs
- People – Number of drivers trained per month and number of recruits across the business
- Utilisation rates – Fleet (hours per vehicle) and Warehousing (square footage utilised at established sites)

Initial public offering

On 25 April 2017 Eddie Stobart Logistics plc was admitted to the Alternative Investment Market (AIM) of The London Stock Exchange through a placing of 76 million new shares (£122.0m) and a further 5 million new shares (£8.0m) in connection with the consideration for the acquisition of the iForce Group.

Annual General Meeting

The Company will hold its Annual General Meeting on 29 May 2018 at Stretton Green Distribution Park, Appleton, Warrington ('AGM'). The Board intends to seek authority to buy back shares at the AGM and may look to exercise such authority in future in appropriate circumstances and in best interests of the Company and its shareholders. Further information will be set out in the notice of Annual General Meeting that will be sent to shareholders.

Damien Harte
Chief Financial Officer
10 April 2018

* Non GAAP Alternative Performance Measure (see note 4 of the accounts for reconciliation to statutory IFRS measure).

Our people development plans drive transformational change and foster agility to support our ambitious growth strategy

Angelina Miley
HR Director

"We employ a highly committed and passionate workforce who make Eddie Stobart a great place to work"

We focus on the performance of our people to help achieve our growth targets. We support them by providing training, offering structured career development plans and recruiting highly skilled individuals who complement and enhance our business.

We directly employee c.5,700 colleagues who are essential to the success of our business. In addition we also engage c.1,400 individuals as additional support through our peak periods.

Our approach

As the business strategy has developed into wider sectors, we have reviewed our people plan to ensure we have the right skills and capabilities needed to deliver excellent service to our customers. With the broad range of services we offer, and roles we have to support our customers, it is important that we attract, and maintain good relations with talented colleagues.

Externally, our strategy is to recruit individuals with skillsets that can add value to our business whilst internally, investing in the training and development of our colleagues is essential to the efficiency and sustainability of our business.

Training and development

We place strong emphasis on providing our people with the right training and development opportunities to do their jobs effectively. This helps to improve our internal skills-base as well as create a more engaged workforce. We offer a range of training courses and qualifications; from developing employees to use the innovative IT systems that have been implemented across the business, to the driver specific courses offered.

We currently offer in excess of 40 driver specific courses and qualifications from the standard Driver Certificate of Professional Competence (DCPC) to more specialised ADR and ALLMI qualifications to customer specific training requirements.

Our training ranges from one day to 11 weeks with no more than nine trainees per group. Eddie Stobart has 17 driver trainers including one driver training manager and three head office staff trainers, all with different skills. We also have a DVSA delegated examiner to run the examinations, as well as three SQA Grade One accredited ADR instructors (transportation of dangerous goods).

We also offer various development opportunities for our warehouse colleagues including MHE (professional fork lift truck) and a Warehouse to Wheels programme for those wishing to progress into driver roles.

We continue to work with our health and safety team to develop and maintain standards across our sectors through the delivery of various courses and qualifications, such as manual handing and IOSH managing safety.

Leadership and management

In order to develop effective leaders at all levels in our business and promote high performing teams, we deliver a number of internal leadership and management initiatives.

Our in-house 'Role of the Leader' programme provides strategic leadership capabilities whilst our catalogue of management development training allows us to improve management skills and enhance our succession planning pipeline.

These programmes will be further improved by the launch of our Learning Management System in 2018, that will enhance the delivery to employees of development opportunities through e-learning.

We regularly review our talent pipeline through our succession planning and appraisal processes, defining structured career plans for all functions that have allowed a number of employees to progress to senior roles within the business. We also continue to support relevant professional qualifications across all functions.

Recruitment

We recruit individuals with the talents and the results-driven attitude we need to meet the high standards of performance which our customers expect.

Our robust recruitment process allows us to select the best candidates for the right job.

We use a variety of aptitude tests and personality assessments to support our recruitment process and immediately identify any skills gaps that can be addressed.

We recruit and train all our potential and existing employees in accordance with our five core values; we encourage openness and honesty, act with compassion, integrity and respect, and have fun in delivering excellence to our customers.

Employee engagement

We openly encourage alignment with our business goals through open communication and appraisals. We have a set of regular publications that ensure employees are kept informed. These include our online news pages and a briefing pack for our managers to use with their teams, incorporating video messages from both our Chief Executive and Chief Operating Officer.

We have a well-established monthly driver and warehouse representatives forum to communicate and engage with these representatives. The purpose of these sessions is to ensure representatives are focused and understand the roles they have in supporting our business strategy, along with sharing site and regional business news.

In addition to this, we also hold a national annual meeting where all Eddie Stobart driver and warehouse representatives come together. Our executive team provides a business update and listen to their concerns as well as discussing pay arrangements.

Training Academies and driving schools

Training is a top priority for Eddie Stobart and our academy has been recognised as a leading facility by customers, suppliers and industry advocates.

Over the past twelve months we have opened our facilities to the wider industry, providing training to drivers across the logistics sector. In January 2018, a second driving school facility was launched in the Midlands, complementing the existing school in Warrington.

Designed to raise the overall quality and quantity of both new and existing talent, we offer and run dedicated training courses across the following areas:

- LGV licence acquisition
- Legislative training such as Driver Certificate of Professional Competence
- Specialist skills such as crane operations and transportation of dangerous goods
- Warehousing systems and operational training

Our apprenticeship programme

In April 2016 we introduced apprenticeship programmes at our depots in Appleton, Crick and Dagenham where 56 employees have taken the opportunity to develop their knowledge across a range of key skills areas of:

- Team leading
- Business administration
- Sales
- IT
- Management

We have also launched our Driver Development Programme (DDP), for existing drivers combining Safe and Fuel Efficient Driving (SAFED), Safe Urban Driving (SUD) and customer service excellence.

New for 2018 – our graduate scheme

As part of our focus on attracting the right talent into our business, we launched a new graduate programme in January. The scheme is designed to provide business knowledge and hands-on training graduates will need to become future leaders of our business.

This two-year programme provides opportunities to experience a wide range of different environments, as well as working across our growing business sectors. The scheme involves on the job learning as well as first class training and support to ensure our graduates develop the skills they will need to progress their career with us.

Diversity

At Eddie Stobart, we value diversity and believe in providing equality of opportunity. We have been striving to improve diversity in all areas across all levels and types of roles across our business.

We aim to develop the diversity of our workforce and support women to develop skills and experience they need to progress in our business.

We became a member of Women in Logistics in 2017, a non-profit organisation that provides resources for both women and men in the business of logistics, transportation, supply chain management and technology.

Systems and technology

Technology-enabled end-to-end supply chain

John Court
Chief Information Office

"We're proud to deliver leading software and solutions. It's at the heart of what we do, allowing our customers to meet their service commitments"

Technology continues to play a critical role in all of today's advanced supply chain operations, unlocking efficiencies, driving service innovations and underpinning every leading end-to-end supply chain. It has also become an accepted part of modern-day living and the continued growth in e-commerce activity in particular has served to redefine customer service standards and set the bar operationally and digitally.

Our targeted technology investments have progressed to plan through the year, with the successful introduction of several solutions designed to enhance further operational efficiency, support business growth and simplify back-office processes.

Our In-Cab technology

State-of-the-art in-vehicle technology is now deployed across the entire Eddie Stobart fleet. Each vehicle is equipped with a custom-designed in-vehicle device, the Eddie Stobart DriveTab, which supports and guides the driver in a range of activities, including vehicle safety checks, driving style feedback and working instructions. It also provides highly detailed GPS-based positional feedback to operational controllers and customers alike to deliver further insight into all planned and current activity across the operation.

The technology also offers the ability to control operations across all sectors, planning and repositioning vehicles in real-time to ensure service is delivered in the most efficient and optimal fashion.

Warehousing systems

Digital investment is also evidenced across our dedicated and multi-user warehousing portfolio, where newly-introduced warehouse management systems optimise and directs the flow of product through receiving, put-away, picking, packaging, yard management and despatch. This drives high levels of control, visibility and efficiency.

Simplified back-office

We have also streamlined back-office processes, including our fleet and asset management system through which vehicles and equipment are serviced and maintained to ensure optimal efficiency and utilisation. Also our ongoing HR system upgrades are supporting our people plan and simplifying and controlling processes such as recruitment, training and development which has allowed us to commercialise our offering.

E-commerce software

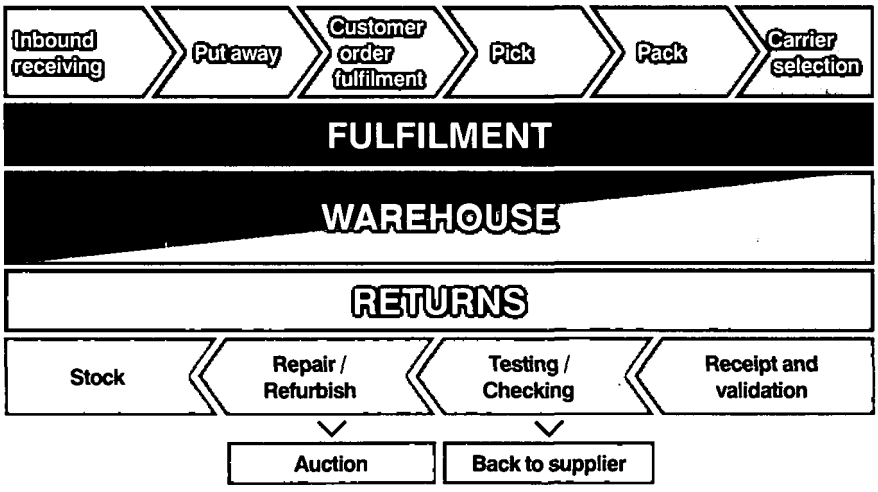
The acquisition of iForce means Eddie Stobart is now able to offer customers a full E-commerce proposition through iForce's sector leading modular software supporting a range of operations, including:

- Multi-channel fulfilment and warehousing
- Returns processing and margin recovery
- Dynamic carriage and delivery management
- Online stock clearance solutions

Many of these services can be delivered as an online SaaS-based service, offering customers speed of start-up, flexibility and removing the need for costly and complex infrastructure investments.

The rich functionality embedded in these products has been developed over many years of close cooperation with a variety of leading on-line and multi-channel retailers. The software affords much greater flexibility and agility to respond to trends and changing customer needs than standard commercially available systems

End-to-end E-commerce software solutions:



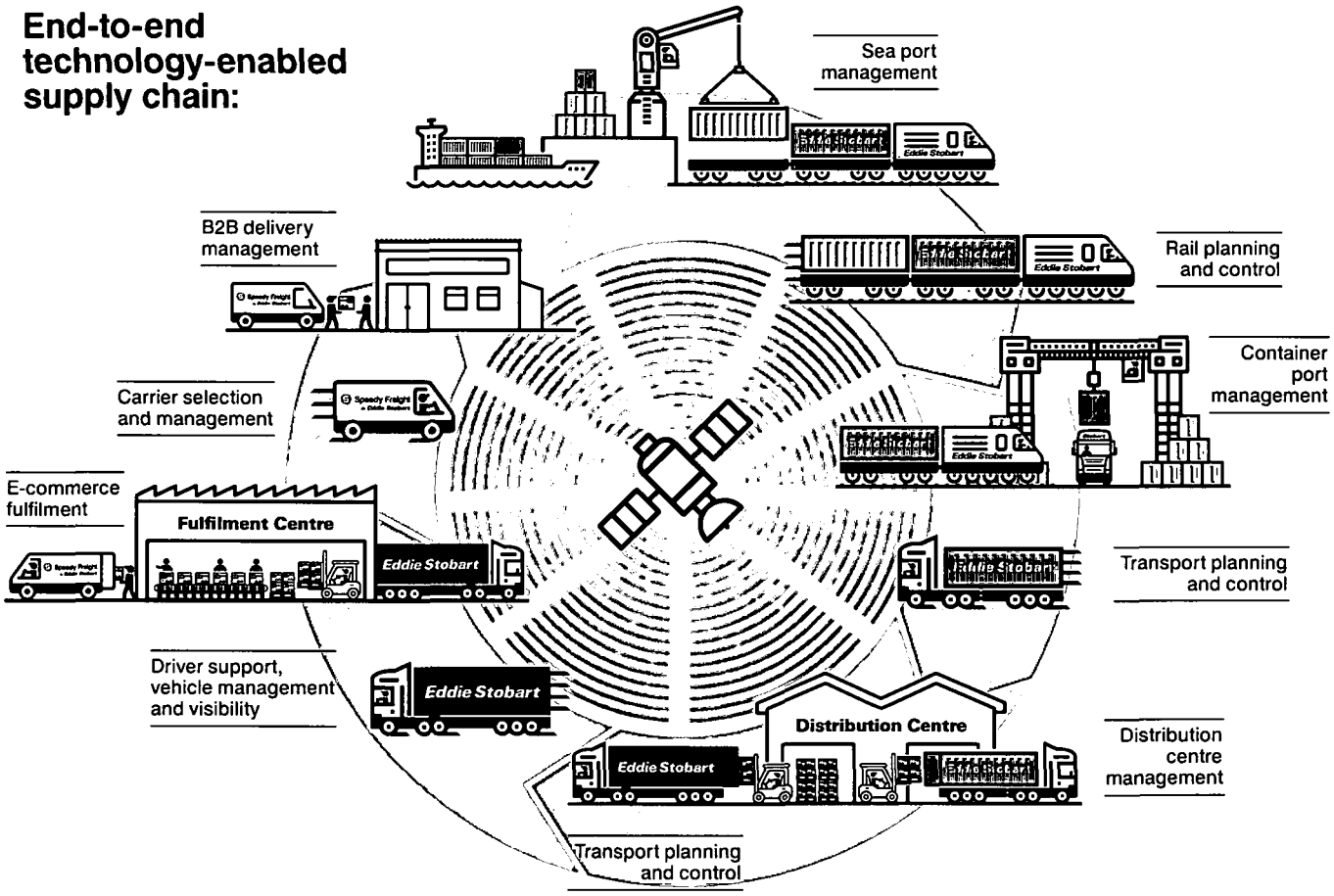
How we do it – our software platform

Eddie Stobart delivers its solutions in two ways; tailored software from some of the world's leading specialist platform providers underpins its exacting operational standards. These solutions are integrated with Eddie Stobart's own proprietary, in-house developed and controlled software products.

This software strategy allows Eddie Stobart the opportunity to leverage the expertise and intellectual property of leading technology partners whilst, through its own in-house development capability, it delivers software solutions quickly and flexibly to meet the specific needs of our customers.

Together this represents an unrivalled customer proposition with access to a range of market-leading third party solutions, spanning the whole supply chain, combined with access to in-house developed proprietary software products.

End-to-end technology-enabled supply chain:



Secure, stable and scalable environment

With such a high dependence on its systems and technology, Eddie Stobart utilises some of the most modern, third party data centre facilities, delivering high availability and operating to high security standards.

We continue to invest in security infrastructure and toolsets and an on-going programme of cyber-vigilance is also in place, with staff awareness initiatives and constant monitoring for potential cyber-threats.

We are committed to running our business in a responsible way

Elaine Williams
Company Secretary

"We continue to develop our CSR practices to support our employees, our customers and the environment"

Ethical behaviours

We ensure our policies and processes provide clear guidance to all employees. We have a Code of Business Conduct which explains our ethical standards as an organisation and how we expect our employees and suppliers to act. We also have a whistleblowing policy, providing guidance to all employees so that they know that they can raise a concern about any possible wrongdoing on an anonymous basis.

We are committed to preventing modern slavery and human trafficking from occurring within any part of our business and supply chain and continue to focus on improving the effectiveness of our systems and controls in this area. Our Modern Slavery Act statement is available on our website www.eddiestobart.com

Health, safety and wellbeing

Eddie Stobart has a strong culture of promoting health and safety standards throughout our business and we are continually seeking ways to improve. We monitor, and report internally to members of the Executive Management Committee and the Board, our accident frequency rates and types of injuries sustained using a dedicated Health and Safety IT management system. This helps us to benchmark the health and safety performance of specific sites and sector groups and take targeted actions to introduce safety improvement initiatives.

We invest in safety training for all employees, particularly for our drivers and warehouse operatives. We track individual performance by reviewing driving records and incident reports. All employees, including drivers and warehouse operatives, who join Eddie Stobart receive an induction course at our Training Academy which contains a strong emphasis on health and safety. All drivers and warehouse operatives who join Eddie Stobart on a temporary basis receive a safety briefing before starting work which emphasises the safety standards we expect them to adhere to. All drivers are required to undertake 35 hours of driving standards training in every five-year period to retain their Certificate of Professional Competence In 2017 we updated our Eddie Stobart Driver Handbook, which contains guidance and advice on reducing the risks of work-related driving. We continually seek to raise the awareness of the importance of safe working practices including by promoting Road Safety Week by communications to all employees about the importance of safety on roads and driving within speed limits.

There is a dedicated team within Eddie Stobart responsible for setting health and safety standards and monitoring performance against those standards within the Company. iForce and Speedy Freight also have dedicated health and safety teams who promote our health and safety culture and ensure appropriate training of employees for the roles they undertake.

We have comprehensive policies on safe working and accident management and on maintenance and servicing of our assets and equipment. In addition customers often require us to operate to specific safety-related standards. Our internal heath and safety teams undertake regular risk assessments and reviews to check that applicable policies and standards are being adhered to. Remediation plans are put in place in relation to any issues identified and implementation of agreed actions is monitored.

Protecting the health,safety and wellbeing of our employees, those who work with us and those who are affected by our business operations is a responsibility we take very seriously. We know that fitter, healthier employees are not only happier and more productive, but also suffer fewer work related incidents. Through our briefing pack for our managers and other initiatives, we are raising awareness of the importance of mental and physical wellbeing for all our employees.

Environment

We recognise the importance of environmental protection and continue to work with partners such as the FTA Logistics Carbon Reduction Scheme, the Environmental Forum and Wholesale Power to implement initiatives to save fuel and energy where we can.

The engines on all our fleet are the cleanest available, meeting Euro 6 emission standards. We will continue to investigate new technologies to further improve our environmental standards.

By investing in planning technology and improving fleet utilisation, we reduce empty vehicle miles, minimising the overall impact on the environment.

We measure and monitor our operational carbon footprint in order to assess our environmental impact and are pleased that our scope one* and scope two** emissions have reduced in 2017 (based on calculations in line with DEFRA guidelines). We will continue to work on ways to further reduce our carbon footprint.

* Scope one (direct) GHG emissions are derived from the consumption of gas, oil and vehicle fuel.
** Scope two (electricity direct) GHG emissions are derived from the consumption of purchased electricity.

Armed Forces Covenant

Eddie Stobart is committed to the Armed Forces Covenant. We have been working hard to recruit service leavers and actively encourage and support employees who wish to join the Reserves. Eddie Stobart has also gone the extra mile, allowing employees to give their full commitment. They get an extra two-weeks paid leave on top of their normal holiday allowance to attend an annual camp.

We are actively working with the Career Transition Partnership (CTP), supported by the Ministry of Defence, who have assisted over 180,000 service leavers with career moves into the civilian world, to provide a range of resettlement opportunities for those leaving the Army, Royal Navy and Royal Air Force. We were extremely proud to be awarded our silver status in 2017 for:

- Demonstrating support for service personnel issues and employing members of the Armed Forces community
- Actively communicating a positive stance to our employees through our HR policies and procedures
- Showing flexibility towards annual training and mobilisation commitments of Reservist employees



Becoming the 100th Northern Powerhouse partner

We were pleased to become the 100th Northern Powerhouse partner, supporting their campaign to boost the regional economy through investment in skills, innovation, transport and culture.

As one of the country's most high profile brands playing a key supporting role for UK plc, we're extremely proud of our northern roots and honoured to be supporting diverse business growth right across the North.

We have worked hard to redefine standards in logistics and lay foundations for tomorrow's supply chain needs through our training programme.

Our corporate charity

When you wish upon a Star
Registered Charity No. 1060963
Dream making for sick children

Eddie Stobart is proud to support 'When you wish upon a Star', a charity set up over 25 years ago with the mission of granting the wishes of children living with life-threatening illnesses.

'When you wish upon a Star' transforms the lives of children and families they work with giving them something to look forward to through times of uncertainty.

Eddie Stobart employees get directly involved in events to raise money to organise treats and special events for sick children and their families.

In 2016/17, thanks to our employees' enthusiastic and innovative fundraising we have been able to raise over £180,000 to grant wishes for children.

More information about the work of this charity is available at: www.whenyouwishuponastar.org.uk

Risk management and principal risks

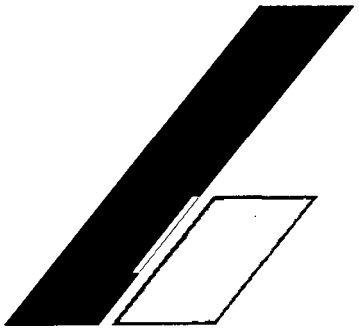
Risk management framework

The Board is ultimately responsible for setting the Group's risk appetite and for overseeing the effective management of risk. The Board has delegated oversight of risk management and internal controls to the Audit Committee. Day to day risk management is the responsibility of the senior management team.

A robust and detailed assessment of the risks facing the Group has been undertaken by the senior management team, with support from an external advisor. A Group level risk register is maintained recording the mitigating factors and actions in place for each risk. The risk register is regularly reviewed by senior management and a report on that review is submitted to the Audit Committee.

The principal risks facing the Group have been identified by the Directors (with senior management input) and the mitigating actions agreed.

Principal risks	Mitigation
Economic environment risk	
Changes in the economic environment, whether resulting from the UK's decision to withdraw from the EU or otherwise, changing government policy and legislation or other external factors, may adversely affect our business and our customers' businesses. For example: more complex rules for cross border transport and restrictions on the movement of workers from Europe may affect the Group's operations and financial position and changes in planning legislation or property-related policies may adversely affect the property market and our ability to enter into commercially attractive property transactions and generate value from our property expertise.	The decision to withdraw from the EU resulted in uncertainty about the future economic environment for our business and our customer's business. Although uncertainty continues, we have experienced no significant impact to date. We continue to consult widely, including with our customers, to understand better the potential impacts of the withdrawal from the EU on our business and ensure we are well-placed to respond to any such impacts. The Group monitors developments and proposed changes in government policies, legislation, regulation and other factors that may impact our business and our customers' businesses. Our strategy is kept under close review to ensure we respond to any such impact. We have also taken steps to ensure security of labour in our transport and warehousing operations by upstream vertical integration into labour recruitment services and by investing in our Driver Training School.operations and/or *reputation.*
Operating environment risk	
Customer demand for outsourced logistics and warehousing services may change, reflecting the changing behaviours of consumers. There may be changes in the availability of high quality warehouse capacity and other property opportunities to support business growth. New technologies may emerge that change the nature of the logistics industry.	We continually review and monitor market developments including new technologies, property opportunities and emerging logistics business models, and review our strategy accordingly. The Group stays in close contact with its customers to ensure we understand and can respond to their changing needs. We continue to invest in developing our own state of the art technology in order to stay at the forefront of technological expertise in the logistics industry.
People risk	
Loss of one or more key members of the senior management team or failure to retain and attract experienced and skilled people at all levels across the business could also have an adverse impact.	The management team is appropriately rewarded for its efforts and succession plans are in place across key positions in each of the businesses. We take pride in creating a positive workplace environment, through training, engagement, rewards and values.



Customer risk	
Loss of one or more of our key customers could have a material impact on Group revenues.	We believe that the best way to mitigate this risk is to continue to deliver excellent levels of service at competitive rates. We monitor our key customer dependency regularly and seek to balance our exposure to each market sector we operate in by targeting new customer opportunities. We typically have longstanding customer relationships; a number of key relationships have lasted for longer than 15 years. A healthy pipeline of new opportunities is being evaluated. This risk is also mitigated by our strategy of building a balanced portfolio across the sectors we operate in.
Health and safety risk	
Our business involves operating vehicles and other assets, and working in environments, that can be a risk to people and property. Our primary concern is to minimise, to the extent possible, the risk of harm to people who work in our business or are affected by it.	Induction sessions for new employees (including our drivers and warehouse operatives) involve health and safety training and we run an on-going health and safety training programme. We also have a comprehensive suite of health and safety procedures that all new joiners must confirm they will adhere to. We have a dedicated Head of Health, Safety, Quality and Environment who oversees a team responsible for setting our health and safety standards and monitoring compliance with our comprehensive health and safety processes and procedures. This team undertakes health and safety reviews of our sites and customer sites to ensure compliance with appropriate standards. There are well-established accident reporting procedures and reviews are undertaken after all significant incidents to ensure our policies have been followed and that we enhance our standards where we can to reduce the risk of future accidents occurring.
Reputational risk	
Our potential to win new business or develop existing relationships could be adversely affected by a material incident and negative press could affect public perception of our brand. Such incidents could include a significant failure to deliver a customer project, wrong-doing or fraud by an employee, breach of our IT security system, a natural disaster such as a fire or flood preventing us from operating from a site or a major health and safety incident.	We have comprehensive processes and procedures in place to manage operational risk and adherence to those processes and procedures is regularly reviewed by our HSQE team. We also have business continuity plans in place and escalation processes to ensure significant incidents are dealt with promptly and effectively. Our communications with the press are handled by our Head of Communications and experienced external PR advisers.
Systems and technical risk	
A failure of a key IT system, unauthorised access or a cyber security breach could have a significant impact on operational performance, company reputation and financial performance.	We partner with industry leading, formally audited and accredited data centre organisations. All core server infrastructure is replicated in a dual data centre configuration. Disaster recovery is formally tested annually. We continue to invest in cyber-security measures, tools and infrastructure in line with industry best practice and operate an information security steering group with Executive Management Committee representation. Independent security testing is regularly conducted by specialist security organisations and we have access to specialist technical resources in the event of a significant cyber incident.
Financial risk	
Failure to meet covenants in financing documents could result in lack of available funding. Lack of available cash could result in the Company being unable to meet its financial obligations.	Net debt is monitored on a daily basis and banking facilities are reviewed against future expected cash flow movements to ensure that adequate facilities are in place.
Legal and regulatory risk	
We are required to comply with extensive and complex legal and regulatory requirements. Non-compliance could result in significant fines, reputational damage (and possibly criminal proceedings), withdrawal of operating licences and closure of sites. Changes in laws and regulations could have an adverse impact on operations and financial performance	We have systems and procedures in place to ensure compliance with, and to manage the impact of, and changes in, government legislation and regulation such as agency worker regulations, vehicle operating procedures and environmental requirements.

This Strategic Report was approved by the Board on 10 April 2018 and signed on its behalf by;

Damien Harte
Chief Financial Officer

Board of Directors

Philip Swatman, Non-executive Chairman

Chair of the Remuneration Committee and member of the Audit Committee.

Appointed in April 2017.

Skills and experience: Philip has extensive capital markets experience, having served as a Managing Director and subsequently Co-Head of Investment Banking of NM Rothschild between 1998 and 2001, thereafter serving as Vice-Chairman of Investment Banking until 2008. Philip has been involved in a significant number of high profile transactions including the IPO of Vodafone and the sale of BPB plc to Saint Gobain.

Other roles: Philip has served as a Non-executive director at nine companies, including his present roles as a member of the Council of Lloyd's, Chairman of Wyvern Partners LLP and Chairman of Cambria Automobiles plc.

Alex Laffey, Chief Executive Officer

Joined Eddie Stobart in May 2015.

Skills and experience: Alex is an international logistics expert with over 25 years' experience in supply chain distribution at a senior level. He has operated in a number of markets across Europe and Asia for grocery supply chains and general merchandise, in-store and online operations. He headed international distribution for Tesco and led a review of the company's global logistics blueprint to realise synergies across all of its markets. This programme delivered significant cost savings and service improvements. In addition, Alex also managed Tesco's UK logistics, with over 50,000 store deliveries per week and a £1.6 billion annual cost base.

Damien Harte, Chief Financial Officer

Joined Eddie Stobart in December 2016.

Skills and experience: Damien has over 30 years' experience in senior financial positions of large organisations across a range of sectors in the UK and internationally, including logistics and distribution, manufacturing, renewable energy, media and leisure. Most recently he was Global Chief Financial Officer of LM Windpower, a leading player in the global renewable energy market.

Damien is a Certified Accountant and holds an MBA from the University of Chicago.

Christopher Casey, Non-executive Director

Chairman of the Audit Committee and member of the Remuneration Committee.

Appointed in April 2017.

Skills and experience: Christopher has over 30 years' strategic financial experience. He was previously a partner of KPMG LLP and its predecessor firms from 1992, having joined Peat Marwick Mitchell in 1977. He was initially an audit partner responsible for a series of assignments for large and quoted companies but latterly specialised in M&A advisory assistance.

Other roles: He is currently a Non-executive director of TR European Growth Trust plc, BlackRock North American Income Trust plc and City Natural Resources High Yield Trust plc.

Stephen Harley, Non-executive Director

Member of the Audit Committee and the Remuneration Committee.

Appointed in April 2017.

Skills and experience: Stephen brings significant international logistics and supply chain expertise to the Board. He spent most of his 42 year career with Ford in logistics and supply chain management and held the most senior positions in this area; executive director for global material planning and logistics and for parts supply and logistics.

Other roles: Stephen is currently Managing Director, Asset Businesses for Laing O'Rourke.

Elaine Williams, Company Secretary

Appointed in October 2017.

Skills and experience: Elaine joined the business in November 2017, having formerly held roles as general counsel, company secretary and deputy company secretary in major FTSE 100 companies. Elaine brings extensive experience of corporate and commercial legal transactions, corporate governance and compliance.

Governance statement

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"The breadth of experience of the Directors enables the Board to provide strong and effective stewardship of the business. We seek to ensure fairness and integrity in all our decisions"

Since the Company was listed on AIM in April 2017, we have focused on ensuring that our governance structure supports effective decision-making, enhances our business and protects the interests of our stakeholders.

During 2018, we will continue to focus on promoting good governance that supports delivery of our strategy and encourages openness and accountability throughout the business.

We have kept our strategy under review as the repositioning of the business as a provider of end-to-end supply chain logistics, begun by Alex Laffey as Chief Executive in 2015, has been continued. The Board has overseen the acquisitions of iForce and Speedy Freight which have broadened our capabilities and expanded the services we can offer our customers. In the coming year, we will continue to focus on growth opportunities for the business across the supply chain, organic and by acquisition and will regularly review our strategy.

We are pleased to have established an Audit Committee that, in addition to monitoring the integrity of our financial reporting, ensures there is appropriate governance and challenge around the accounting treatment of transactions undertaken during the year. The Audit Committee also has responsibility for oversight of our internal controls and risk management framework. Significant progress has been made in formalising our risk management framework and input from the Executive Board has been critical to the steps taken to embed appropriate risk monitoring and mitigation throughout the business. Our enhanced understanding of our risks ensures that Board decision-making is supported by the right discussions and considerations. Further information about matters the Audit Committee has considered is set out on page 33.

Further information on the remuneration arrangements for the Directors and senior management is set out in the Directors' Remuneration Report on pages 34 and 35.

Philip H Swatman
Chairman
10 April 2018

Code compliance
The Company complies with the requirements and recommendations of the QCA Governance Code, which is considered appropriate for an AIM listed company. The Board will continue to consider the requirements of the UK Corporate Governance Code ("UK Code") applicable to companies listed on the main board of the London Stock Exchange when reviewing the governance structure of the Company.

The Board

Role of the Board
The Board considers and approves the Company's strategy, budget, material transactions and corporate actions and oversees the Company's progress towards its strategic objectives. There is a written statement of matters which require Board approval.

Board members
The Board is comprised of three independent Non-executive Directors and two Executive Directors. The Non-executive Directors were appointed shortly before the IPO in April 2017. The two Executive Directors joined Eddie Stobart prior to that and were both closely involved with the IPO and the development of the Company's post-admission growth plans. Alex Laffey became Chief Executive in May 2015. Damien Harte joined as Chief Financial Officer in December 2016.

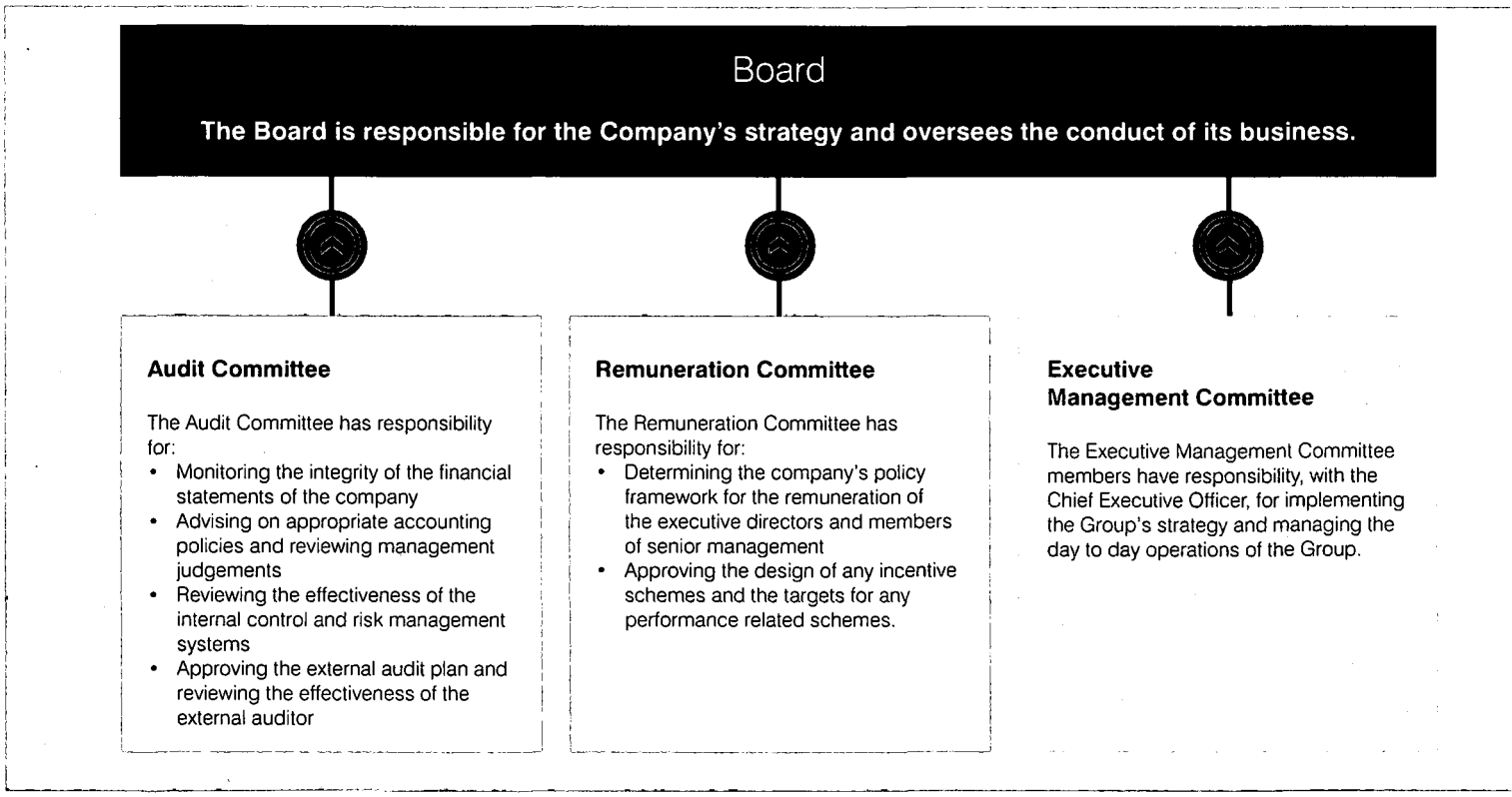
There is a clearly documented division between the executive role of the Chief Executive and the role of the Non-executive Chairman.

Skills and experience
The Board members bring a wealth of commercial and financial expertise to the Board from a variety of backgrounds. The Directors believe that as a Board they have an appropriate mix of skills and experience to provide strong and effective leadership. Please see the Directors' biographies on pages 28 and 29 for further information on their skills and experience.

Independence
All of the Non-executive Directors (including the Chairman) are considered to be independent. Independence of the Non-executive Directors is reviewed annually and the Board has determined that each of them continues to demonstrate strong independent judgment and there is no relationship that could materially interfere with the exercise of their independent judgment.

Board Committees
The Board has established an Audit Committee and a Remuneration Committee. Each of the Non-executive Directors is a member of these Committees. The Executive Directors and other members of senior management attend at the invitation of the Committee. Given the size of the Board it was not considered necessary to establish a Nomination Committee.

Please see page 33 for further information on the activities of the Audit Committee and page 34 for further information on the activities of the Remuneration Committee.



The Board continued

Board and Committee meetings and attendance

Board meetings are held monthly. Eleven Board meetings have been held since the IPO. All Directors attended all the Board meetings. The table below illustrates attendance at Board and Committee meetings since the date of the IPO.

	Board	Audit	Remuneration
Philip Swatman	11	4	3
Chris Casey	11	4	3
Stephen Harley	11	4	3
Alex Laffey	11	–	–
Damien Harte	11	4	1

Note: Seven meetings of the Board, one of the Remuneration Committee and two of the Audit Committee were held post the IPO in the financial year ended 30 November 2017. All Directors attended all Board meetings and all Committee meetings they were entitled to attend as members. The Chief Executive and Chief Financial Officer attend Committee meetings at the invitation of the Chair of the Committee.

Board activities since the IPO have included oversight and consideration of:

- Strategy and progress towards strategic objectives
- The external market environment including the risks and opportunities as a result of the referendum to leave the EU
- The principal risks faced by the Company
- Updates on business activities and financial performance
- Working capital management
- The Company's dividend policy
- Business pipeline and future opportunities
- Property-related opportunities to support business growth
- Updates on investor relations and share price performance Possible acquisitions
- People issues such as recruitment, incentivisation and succession planning
- Health and safety matters
- Corporate governance matters
- Year end and half year financial results, the Annual Report and the Notice of AGM

Role of the Executive Management Committee

The Board has delegated to the Chief Executive Officer the authority to manage the day-to-day operations of the company. Authority in relation to financial matters is delegated to the Chief Financial Officer. The Executive Management Committee is made up of the Executive Directors and the following members of senior management who report directly to the Chief Executive Officer:

UK Finance Director – David Meir
Chief Operating Officer – David Pickering
Chief Information Officer – John Court
Human Resources Director – Angelina Miley
Legal Director and Company Secretary – Elaine Williams
Corporate Affairs Director – Rupert Nichols

The Executive Management Committee meets regularly to support the Chief Executive Officer in discharging his responsibilities. The Board and its Committees receive regular reports and briefings from the Chief Executive Officer and other members of the Executive Management Committee.

Induction programme

A comprehensive induction programme was organised for each Non-executive Director:

Strategy – The Non-executive Directors received briefings and reports on Group structure and history, strategy of each sector and business unit, customer relationships and the operation of our network, financial control processes and procedures, health and safety controls, IT, quality and assurance activities, insurance strategy and the role of the legal team.

Market environment – The Chief Executive gave extensive briefings on developments in the market including activities of competitors, changing needs of customers and the impact of innovation.

People – The Non-executive Directors met members of the Executive Management Committee and other senior management members as part of their induction.

Our sites – Non-executive Directors have visited our DIRFT distribution site near J18 on the M1, the Ports operation in Widnes and the operations in Gent, Belgium, giving them first hand experience of our operational sites.

Performance evaluation

The effectiveness of the Board is essential to the success of the Group. A performance evaluation process was undertaken based on a series of questions prepared by the Company Secretary with input from the Chairman. The questions related to the Board and its Committees and covered matters such as size of the Board, opportunities to review strategy; performance of the Chairman, the mix of knowledge and skills on the Board; succession; and the effectiveness of the Board and the Directors.

The results of the performance evaluation confirmed that the Board and its Committees are operating effectively to discharge their responsibilities and there is an appropriate mix of skills and experience among Board and Committee members, which facilitates constructive discussion. The Board agreed that areas for focus in the coming year to enhance further the effectiveness of the Board include succession planning and additional site visits to assist in maintaining focus on the Group's strategy as its operations expand.

Audit Committee report

Audit Committee
The Audit Committee consists of Christopher Casey as Chairman and the two other independent Non-executive Directors.

Meetings and attendance
The Audit Committee has met four times since it was established in April 2017. Two meetings took place during the financial year ended 30 November 2017. All members attended all Committee meetings. The Committee is scheduled to meet three times during the current financial year.

The meetings are attended by the Chief Financial Officer, the Finance Director and the Group Head of Finance. The external auditor also attends at all meetings. Other members of senior management attend meetings by invitation.

Committee members meet at least once a year without management present.

Activities
Activities of the Audit Committee since it was established have included:

- Reviewing the financial results for the full year for approval by the Board
- Considering the appropriateness of preparing the financial statements on a going concern basis
- Advising the Board in relation to ensuring that the financial statements taken as a whole are fair and balanced.
- Approving the audit plan and considering the findings of the external auditor for the financial year ended 30 November 2017
- Considering the appointment of the internal auditor
- Reviewing and considering risk management and internal controls
- Receiving reports on specific risk issues such as insurance risk and cyber security
- Approving polices adopted by the Company such as its treasury policy

Significant accounting judgements
The Audit Committee, together with the Board, considered the areas of significant accounting judgment in connection with the preparation of the financial statements, including the following:

- Determination of control of Speedy Freight and valuation of deferred consideration (see note 6B to the financial statements on pages 64 and 67)
- Valuation of intangible assets arising on the acquisitions of iForce and Speedy Freight (see note 6 to the financial statements on pages 64 and 67)
- Accounting for warehousing-related transactions (see note 5 to the financial statements on page 63)
- Treatment of amounts received by employees in connection with the IPO funded by former parent company of the Group (see note 8 to the financial statements on page 69)
- Classification of items as exceptional for the purposes of the disclosure in the financial statements (see note 5 to the financial statements on page 63)

External auditor:
The Audit Committee oversees the relationship with the external auditor and reviews their performance and on going independence. The Audit Committee has reviewed the independence of KPMG LLP and the conduct of the audit for the financial year ended 30 November 2017. The Committee concluded that the external audit process has been effectively run and that KPMG LLP remains independent and has recommended their reappointment. The external auditor attends all Committee meetings and the Committee meets with the external auditor without management present at least once a year.

Internal audit
The Chairman of the Committee participated in the process for selection of a firm to provide internal audit services to supplement the assurance work undertaken by the Company's Health and Safety, Quality and Environment team (HSQE team). The appointment of BDO LLP to provide internal audit services was approved by the Committee in January 2018. A partner at BDO LLP will provide services equivalent to having a Head of Audit within the business and the Committee has approved an internal audit plan for the 2018 financial year. Internal audits will be undertaken on a co-sourced basis with the HSQE team where appropriate. BDO LLP will report to each scheduled meeting of the Committee.

Internal controls
The Group's risk management systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated responsibility for reviewing the effectiveness of the Group's systems of internal control and risk management to the Audit Committee. This covers all material controls including financial, operational and compliance controls and risk management systems. In undertaking these reviews, the Committee is supported by a number of sources of internal assurance from within the Eddie Stobart business, in particular the assurance work done by the HSQE team and presentations from senior management on risk areas.

No material control failings have come to light during the financial year ended 30 November 2017 and no weaknesses in financial control resulted in any losses or contingencies that would require disclosure in the financial statements.

Risk management and internal controls
The Board is responsible for the effectiveness of the Company's risk management and internal controls. The Committee has received a report on operating policies and procedures in place, the assurance work done to check adherence to those polices and the follow up actions taken to address any issues identified. A whistleblowing policy is in place to encourage employees to report any malpractice or illegal acts or omissions and is reviewed by the Committee each year.

Christopher Casey
Chairman of the Audit Committee
10 April 2018

Directors' Remuneration Report

Our approach to remuneration

The Committee aims to ensure that the remuneration of Directors and senior management supports the delivery of the Group's strategy. We set remuneration packages at a level that is appropriate for the market the Group operates in whilst taking into account the need to attract and retain talented people.

In addition to base salary, the Executive Directors and senior management have the opportunity to receive long term variable reward, dependent on achievement of appropriate performance conditions, that are linked to delivery of shareholder value. Executive Directors have been granted awards under the Management Incentive Plan ("MIP") with a target linked to shareholder value and other members of senior management have been granted awards under the Long Term Incentive Plan ("LTIP") with targets linked to Total Shareholder Return and achievements of an EBITDA target. Further information on the MIP and LTIP, and the relevant performance conditions, is set out on page 84 in the paragraph headed Share-based Incentive Schemes and note 25 to the financial statements.

The maximum opportunity under the performance-related incentive plans for the Executive Directors could, depending on vesting outcomes, be a significant proportion of their overall longer-term remuneration package. This outcome is designed to incentivise the delivery of our growth strategy and other strategic and business objectives.

Directors' remuneration in the year ended 30 November 2017

The remuneration of the current Directors for the year ended 30 November 2017 is set out below:

	Salary/fees* £,000	Benefits** £,000	Pension costs*** £,000	Long term incentives**** £,000	Total £,000
Executive Directors					
A Laffey	331	14	33	–	378
D Harte	220	12	22	–	254
Non-executive Directors					
P Swatman	98	–	–	–	98
C Casey	40	–	–	–	40
S Harley	39	–	–	–	39

* This column sets out salary and fees received for the full financial year ended 30 November 2017. Salaries for A Laffey and D Harte as employees of Eddie Stobart Logistics plc from April 2017 were £400,000 and £240,000 per annum respectively. Prior to that, A Laffey and D Harte were employees of, and received salaries from, subsidiaries of Eddie Stobart Logistics plc. Fees to the Non-executive Directors were payable from their appointment in April 2017.

** Benefits includes private medical insurance, life assurance, car allowance, fuel allowance and tax paid by the Company on such benefits

** A cash allowance is paid to one of the Directors in lieu of a pension contribution

*** None of the directors have received cash under any incentive arrangement in the financial ended 30 November 2017. Awards under the MIP were granted to A Laffey and D Harte in the financial period but no vesting has taken place by reference to this financial year and any future vesting will depend on performance in future financial periods.
For further details of the MIP and the performance conditions please see note 25 of the financial statements. The charge to the Company in connection with the MIP awards is set out in note 25 to the financial statements.

Please see note 8 on page 69 of the accounts for information about the aggregate amount of remuneration paid to or receivable by directors of the Company during the financial year including the directors who resigned at or before the IPO.

Following the IPO in April 2017, certain directors were paid an individual cash bonus by Greenwhitestar Holding Company 1 Limited, the ultimate parent of the Company prior to the IPO. These payments, in aggregate £7.2m, were fully funded by Greenwhitestar Holding Company 1 Limited from the proceeds of sale of shares in the Company placed in conjunction with the IPO and there was no economic or financial consequence for the Company or any member of the Group. Please see note 8 on page 69 to the accounts for further information.

No payments were made in the financial year ended 30 November 2017 to past directors and no payments were made in connection with the exit of any director.

Membership

The Remuneration Committee consists of Philip H Swatman as Chairman and the two other Non-executive Directors. All members are therefore independent Non-executive Directors.

Meetings and attendance

The Committee meets at least once a year and at other times as appropriate. The Committee has met three times since it was established in April 2017. One of these meetings took place during the financial year ended 30 November 2017. All members attended all Committee meetings.

Activities

Activities of the Remuneration Committee since it was established have included:

- Reviewing our approach to remuneration
- Approving the individual packages of Executive Directors and senior management members
- Considering and approving the approach to disclosure of remuneration-related matters

Our approach to remuneration in 2018

The Committee believes that the value of the total employment packages of the Executive Directors, including the extent of performance-related elements of those packages, are appropriate. No material change to the remuneration or benefits of the Directors is planned for the year ending 30 November 2018. In order to continue to incentivise the senior management team it is anticipated that awards under the LTIP will be granted to senior managers as approved by the Remuneration Committee. The Executive Directors do not participate in the LTIP.

Non-executive Directors

There will be no changes in the fees paid to the Non-executive Directors which will remain as follows:

- Non-executive Director, Chairman of the Board and Remuneration Committee – £150,000 per annum
- Non-executive Director, Chairman of the Audit Committee – £70,000 per annum
- Non-executive Director – £60,000 per annum

Directors' interests in shares

The table below shows the interests of Directors in shares as at 30 November 2017 all of which are beneficial except where noted.

	Total interest in shares	Percentage of share capital as at 30 November 2017
Executive Directors		
A Laffey	875,312	0.2%
D Harte	312,656	0.1%
Non-executive Directors		
P H Swatman*	25,000	0%
C Casey	7,500	0%
S Harley	10,000	0%

*12,500 shares are beneficially owned by P Swatman's wife.

As at 6 April 2018, the latest practicable date prior to the approval of this document, there had been no change in the interests of Directors in the shares of the Company.

Service contracts and letters of appointment

The Executive Directors have service contracts of indefinite duration terminable on not less than 12 month's notice by either party.

The Non-executive Directors have letters of appointment for an initial three year period, continuing thereafter subject to termination upon at least three month's notice by either party.

The appointment dates of the Directors are set out below:

P H Swatman	4 April 2017
C Casey	18 April 2017
S Harley	4 April 2017
A Laffey	4 April 2017
D Harte	4 April 2017

Letters of appointment of the three Non executive Directors, and the service contracts of Alex Laffey, Chief Executive and Damien Harte, Chief Financial Officer are dated 18 April 2017.

Share-based incentives schemes

Management Incentive Plan ("MIP")

The MIP was established to align the interests of the executive Directors with those of shareholders and will reward the Executive Directors if shareholder value is created. On Admission the Executive Directors subscribed for A ordinary shares (MIP Shares) in a subsidiary of the Company which shares can, subject to certain conditions, be sold to the Company in future at an aggregate value equivalent to a maximum of 8% (relevant percentage) of the increase in shareholder value over a share value hurdle ("hurdle"). The hurdle is 10% above the placing price per share on Admission and will increase on a compounding basis by 10% per annum for each of the three years from the date the MIP Shares were issued.

At the end of the three year period following the issue of the MIP Shares, the Executive Directors can elect to sell the MIP Shares to the Company or the Company can elect to purchase them for cash or in return for shares in the Company (at the Company's discretion). The value of the MIP Shares on the date the election is made (Exercise Date) will be the Relevant Percentage multiplied by the amount by which the Company's Ordinary Share price exceeds the Hurdle (based on a 90 day average share price) multiplied by the number of issued ordinary shares at Admission. If the Company elects to purchase the MIP Shares in return for ordinary shares in the Company the number of ordinary shares will be based on the MIP Share value and share price of the ordinary shares on the Exercise Date.

Long Term Incentive Plan ("LTIP")

The LTIP was established to reward members of the senior management team by offering them nil cost options. The LTIP has been designed flexibly to be capable for future use by the Company and not only for the award of nil-cost options. The LTIP requires participants who have received an award to appoint Link Market Services Trustees Limited to hold applicable ordinary shares on trust for the LTIP participant for the applicable holding period. No awards have been granted to Directors under the LTIP.

Share incentive Plan ("SIP")

A UK HMRC-approved Share Incentive Plan was established on Admission and a grant of free shares was made to employees in order to ensure employees are incentivised and their interests aligned with those of the Company. No further awards have been made under this scheme. The trustee is Link Market Services Trustees, an independent professional body, which has acquired 1,687,500 shares which are held in trust for the benefit of the participating employees. Eligible employees will forfeit their shares if they cease to be employed by the Eddie Stobart Group during the three year period from Admission, except in permitted circumstances. The SIP has been designed flexibly to be capable of future use by the Company and not just for the free share offer at the time of Admission.

Further information on the share-based incentive schemes is included in note 25 on page 84 of the accounts.

This report was approved by the Board on 10 April 2018 and signed on its behalf by:

Philip H Swatman
Chairman, Remuneration Committee

Directors' report

The Directors submit their report and the financial statements of Eddie Stobart Logistics plc for the year ended 30 November 2017.

Results
The profit before tax for the year ended 30 November 2017 from continuing operations was £4.9 million (2016: £9.9 million).

Dividends
The Directors recommend a final dividend for the year of 4.4 pence per share which, together with the interim dividend of 1.4 pence per share results in a total dividend for the year of 5.8 pence per share (2016: no dividend paid). If approved by shareholders the total amount of the dividends paid in respect of the financial year ended on 30 November 2017 will be £20.8 million (2016: Nil). The final dividend will be payable on 7 June 2018 subject to shareholder approval. The record date is 11 May 2018 and the ex-dividend date is 10 May 2018.

Principal activities, business review and future developments
The Strategic Report on pages 4 to 27 describes the principal activities of the Company and its subsidiaries, a review of the business for the financial year ended 30 November 2017 and an indication of likely future developments.

Directors
The directors of the Company during the year were:

P H Swatman	(appointed 4 April 2017)
C M Casey	(appointed 18 April 2017)
S J Harley	(appointed 4 April 2017)
A Laffey	(appointed 4 April 2017)
D Harte	(appointed 4 April 2017)
S Riffner	(resigned 4 April 2017)
W Stobart	(resigned 4 April 2017)
G J Bicknell	(resigned 15 March 2017)
I A Duncan	(resigned 4 April 2017)
J Mara	(resigned 15 March 2017)
B M Whawell	(resigned 31 March 2017)
L Mcilwee	(resigned 17 March 2017)
R Fohn	(resigned 15 March 2017)

Directors' remuneration, share options, long-term executive plan awards, pension contributions and benefits are set out in the Directors' Remuneration Report on pages 34 to 35. The Company has Directors' and Officers' liability insurance in place.

Share capital
Details of the authorised and issued share capital of the Company are set out in note 24 to the financial statements.

Environmental policy
Maintaining and improving the quality of the environment in which we live is an important concern for the Company. We aim to minimise our impact on the environment wherever this is practical. Further information on our initiatives to reduce our impact on the environment is set out on page 24.

Interests in voting rights
As at 6 April 2018, the latest practicable date prior to the approval of this document, the Company had been notified of the following interests held by significant shareholders amounting to 3% or more of the voting rights attaching to the Company's issued share capital:

Significant Shareholders	Percentage of Voting Rights Held
Woodford Asset Management Limited	21.46%
Greenwhitestar Topco Limited	15.01%
Stobart Group Limited	12.49%
AXA Investment Managers Limited	7.0%
FIL Limited	5.93%
Invesco Asset Management Limited	5.07%
Schroders Investment Management Limited	3.71%

Employee engagement
Our policy is to employ the best people irrespective of race, gender, nationality, disability or sexual orientation. Consultation with employees or their representatives occur regularly, with the aim of ensuring employee's views are taken into account when decisions are made that are likely to affect their interests. Further information on our employee engagement activities is set out on page 21. Information on the SIP under which many of our employees hold shares, is given on page 35. Factors affecting the performance of the Company are shared with employees as part of the notifications of half-yearly and annual results on our internal intranet and in regular leadership team briefing packs.

Disabled employees
Applications for employment by disabled persons are given full and fair consideration, having regard to their particular aptitudes and abilities. In the event an employee becomes disabled, every effort is made to retrain them in order that their employment may continue. Our policy is that opportunities for training, career development and promotion should be available to all employees.

Health, safety and wellbeing
The Group recognises the importance of maintaining high standards of health, safety and wellbeing for everyone working within our business. We aim to achieve high standards of health and safety management across all our business activities. Further information on our approach to health and safety is set out on page 24.

Financial risk management
Information in respect of the financial risk management objectives and policies of the Group, is contained in note 21 of the financial statements.

Political donations
The Group made no political donations during the year.

Research and development activities
We undertake research and development activities, predominantly in connection with our continued investment in IT systems and technologies that help us deliver logistics solutions to our customers. Please see page 22 for more information on our IT development activities.

Related party transactions
Any related party transactions required to be disclosed under the AIM rules are disclosed in note 27 to the financial statements.

Disclosure of information to auditor
The Directors in office on 6 April 2018 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that he has taken all reasonable steps to make himself aware of any relevant audit information and to establish that it has been communicated to the auditor.

Directors' indemnities
The Company's articles of association allow the indemnification of Directors out of the assets of the Company to the extent permitted by law.

Modern Slavery Act
Our Modern Slavery Act statement, which sets out our commitment to preventing modern slavery and human trafficking from occurring within any part of our business and supply chain, is available on our website at www.eddiestobart.com.

Annual General Meeting
The Annual General Meeting is to be held on 29 May 2018 at Stretton Green Distribution Park, Langford Way, Appleton Thorn, Warrington WA4 4TQ. Further details will be set out in the Notice of Annual General Meeting which will be sent to shareholders separately.

Post balance sheet events
No post balance sheet events have been disclosed in the financial statements (see note 30).

Engagement with stakeholders
The Company keeps up to date with the views of its shareholders by frequent dialogue and meetings with key investors and responding promptly to any questions or issues raised by shareholders. Engagement with shareholders is primarily undertaken by the Chief Executive and the Chief Financial Officer although the Chairman is available to meet investors if requested. Shareholders have the opportunity to raise matters for discussion the entire Board at the AGM.

Going concern
The Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and that it is appropriate to prepare the financial statements on the going concern basis. Please see note 1 to the accounts on page 50 for further information.

This Directors' Report was approved by the Board on 10 April 2018 and signed on its behalf by;

Elaine Williams
Company Secretary
10 April 2017

Eddie Stobart Logistics plc (registered office)
Stretton Green Distribution Park
Langford Way,
Appleton,
Warrington
WA4 4TQ.

European branches
Stobart Automotive Belgium
Eikelaarstraat 28,
3600 Genk Belgium

Stobart Automotive
Pripotocni 1519/10a,
100 00 Prague 201,
Czech Republic

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and Parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable, relevant, reliable and prudent
- For the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU
- For the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under the Companies Act and applicable regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This responsibility statement was approved by the Board 10 April 2018 and signed on behalf of the Board and each Director by;

Damien Harte
Chief Financial Officer

Independent auditor's report
to the members of Eddie Stobart Logistics plc

1. Our opinion is unmodified
We have audited the financial statements of Eddie Stobart Logistics plc ("the Company") for the year ended 30 November 2017 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Cash Flow Statement, Company Statement of Financial Position, Company Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

In our opinion:
- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 November 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework;* and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Materiality: Group financial statements as a whole	£1.1m 5% of Group profit before tax and exceptional items
Coverage	93% of the total profits and losses that make up Group profit before tax and exceptional items

Risks of material misstatement	
Recurring risks	Existence, accuracy and presentation of revenue
	Impairment of goodwill in relation to Puro Ventures and iForce
	Recoverability of the parent company's investment in, and debt due from, group subsidiaries
Event driven	Accounting for acquisitions
	Accounting for the IPO

2. Key audit matters: our assessment of risks of material misstatement
Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Independent auditor's report
to the members of Eddie Stobart Logistics plc continued

	The risk	Our response
Existence, accuracy and presentation of revenue (£623.9m) *Refer to page 55 (accounting policy) and page 60 (financial disclosures).*	**Accounting basis and presentation** The Group generates income through a number of reporting components and from a diverse range of activities, which include the operation of its core transport business, the use and management of its warehousing estate and the provision of ancillary services, including in relation to property. Certain material individual transactions arising from these activities are complex and may relate to multiple contracts or documents. These transactions require management to make judgments in order to determine the appropriate basis and timing of recognition of income deriving from those transactions, and their associated presentation within the Consolidated Income Statement. Such judgments could be influenced by conscious or unconscious bias. **Management override** Revenue includes amounts recorded via manual invoicing and manual journals, including those used for the recording of certain complex transactions such as those related to property. Manual entries represent a heightened level of risk that management might override automated or manual controls over the identification and disclosure of revenue transactions, such that the basis and timing of recognition is not appropriately considered or such that a full understanding of the components of financial performance is not presented.	For each of the components where existence and accuracy of revenue was determined to be a key audit matter, our procedures included: • **Substantive testing:** We obtained detailed listings of revenue transactions and selected specific transactions for testing in order to consider their individual accounting treatment. We obtained, as appropriate, third party evidence, including bank statements and supporting contracts and agreements, to enable us to understand the substance of the transactions. We investigated those transactions with unexpected or unusual characteristics. • **Accounting analysis:** We assessed the period and value of income recognised in relation to the identified significant judgmental transactions by considering the basis for the accounting judgements applied by the directors compared to the requirements of the relevant accounting standards and underlying commercial agreements. For revenue from services related to property, this included procedures to assess the completeness of transaction documentation and assessing the relationship between the parties involved and challenging whether associated ongoing lease commitments were at a market rate. • **Management override:** We obtained detailed listings of journal entries recorded in revenue and reviewed for any unusual postings, by reference to both value and type. For unexpected or unusual transactions identified during our testing we obtained third party evidence to challenge management's explanations as to whether the basis and timing of revenue recognition was appropriate. Where the entries related to property transactions we undertook the accounting analysis referred to above. • **Assessing transparency:** We have considered the adequacy of the Group's disclosures in respect of the accounting policies in the key areas of judgment and quantum of material elements with respect to these transactions.

	The risk	Our response
Impairment of goodwill in relation to Puro Ventures and iForce (£35.5m) *Refer to page 53 (accounting policy) and page 74 (financial disclosures).*	**Forecast based valuation** When carrying out the goodwill impairment review, determining the recoverable amount for each cash-generating unit ("CGU") requires the Directors to make judgements over certain key inputs in the value in use discounted cash flow models. These include revenue growth, discount rates and long term growth rate assumptions. In particular, revenue growth forecasts within the Puro Ventures (Speedy Freight) and iForce CGUs contain significant risk as, being recent acquisitions, there is a lack of forecasting history, and the forecasts include rapid growth assumptions and therefore are sensitive to downward trends.	Our procedures included: • **Historical comparison:** We assessed the accuracy of the Group's historical forecasts by comparing to actual results in the period since acquisition. Where relevant we factored this into our sensitivity analysis • **Our sector experience:** We challenged the underlying trading forecasts within the Group's value in use discounted cash flow models for Puro Ventures and iForce, including considering the long term growth rates used, and we involved our own corporate finance specialists to critically assess the discount rates applied by the Group. • **Sensitivity analysis:** We performed several scenario-based sensitivity analyses for each CGU to assess the implications of the Group's assumptions not being met. For each scenario considered we assessed the remaining headroom between the recoverable and carrying amount. • **Comparing valuations:** We compared the recoverable amounts within the Group's overall value in use discounted cash flow models, including those for Puro Ventures and iForce, to the Group's overall market capitalisation. • **Assessing transparency:** We considered the adequacy of the Group's disclosures in respect of impairment testing, and whether disclosures in relation to the sensitivity of the outcome of the impairment assessment to changes in assumptions properly reflected the risks inherent in the valuations.
Accounting for acquisitions • **iForce Group Limited:** (Consideration to obtain control £45.0m; Goodwill and intangible assets acquired £43.2m) • **Puro Ventures Limited:** (Consideration to obtain control: £18.7m; Goodwill and intangible assets acquired: £18.0m) • **TLP Limited:** (Consideration to obtain remaining equity: £5.0m) *Refer to page 50 (accounting policies) and page 65 (financial disclosures).*	During the year the Group acquired controlling interests in iForce Group Limited, Puro Ventures Limited (trading as Speedy Freight) as well as purchasing the remaining shares within TLP Holdings Limited. These acquisitions have had a material impact on the financial statements, resulting in the recognition of goodwill, intangible assets and amounts owing in respect of deferred and contingent consideration. **Accounting treatment** In assessing control, judgment was required in determining the ability of the remaining shareholders within Puro Ventures to restrict the extent to which the Group was able to control the investee, and therefore determine the date at which the Group gained control for the purposes of consolidation.	Our procedures included: • **Accounting analysis:** We reviewed each acquisition's sale and purchase agreements. For Puro Ventures we assessed the factors determining control to understand the rights of any remaining external shareholder interests. We assessed whether, and at what point, control was obtained as well as the appropriateness of not recording a Non Controlling Interest, and compared our assessment to that of the Directors. • **Accounting analysis:** For both Puro Ventures and TLP we challenged the appropriateness of the assessment of the amount of consideration that should be accounted as remuneration, and critically assessed the period over which the remuneration is recognised.

Independent auditor's report
to the members of Eddie Stobart Logistics plc continued

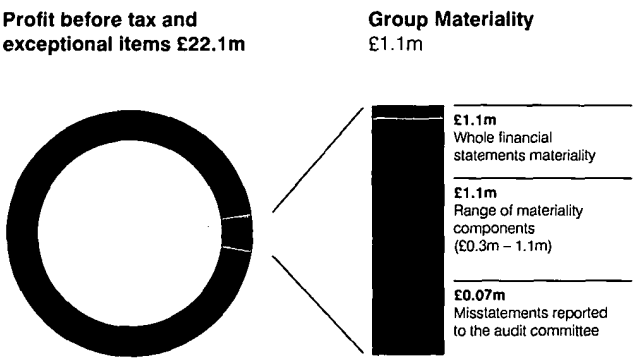
	The risk	Our response
Accounting for acquisitions (continued)	**Accounting treatment (continued)** Accounting for the put and call option on the Puro Ventures acquisition involved judgement as to whether to record a Non Controlling Interest. Accounting for both the Puro Ventures and TLP acquisitions required assessment as to whether an element of the contingent consideration should be accounted for as remuneration, and over which period this should be recognised. **Forecast-based valuation** The valuation of the contingent consideration, including the put and call options in relation to Puro Ventures, required the directors to make judgements around the future performance of the business. Intangible assets of £25.7m were recognised as a result of the acquisitions of iForce and Puro Ventures. These were valued, using input from a third party valuation expert, based on discounted cash flow forecasts, which require judgment by the Directors around key assumptions such as revenue growth, discount rates and long term growth rates.	• **Benchmarking assumptions:** We considered each business' track record and the evidence behind the Directors' assumptions of future trading performance in evaluating the valuation of the contingent consideration recognised in respect of Puro Ventures and TLP. • **Our sector experience:** In respect of the iForce and Puro Ventures acquisitions, we applied our knowledge of the business and industry to evaluate the intangible assets identified and the fair value recognised, including through the involvement of our own corporate finance specialists. • **Assessing transparency:** We have considered the adequacy of the Group's disclosures in respect of the acquisitions.
Accounting for the IPO *Refer to pages 57 and 58 (accounting policy) and pages 63 and 69 (financial disclosures).*	As a result of, or concurrent with, the Group's Initial Public Offering (IPO), changes to the Group's capital and financing structure were implemented. The accounting treatment of costs which arose in connection with the IPO required judgment from the Directors. **Refinancing of borrowing** Accounting for the Group's new borrowing facilities required judgment from the Directors over whether the changes represented the entrance into a new facility or the modification of an existing facility. **Accounting application** Judgment was required over both the allocation of transaction costs between the Consolidated Income Statement and the Share Premium reserve, and over the accounting treatment and disclosure of bonuses paid by the pre IPO parent company.	Our procedures included: • **Accounting analysis:** We obtained the agreements regarding the new borrowing facilities and reviewed the relevant terms in order to consider whether the change in arrangements amounted to a new facility under accounting standards. • **Substantive testing:** We substantively tested the expenses allocated to Consolidated Income Statement and to the Share Premium reserve, obtaining supporting evidence for each item selected and determining whether their treatment as share issue or transaction cost was appropriate. • **Assessing transparency:** We have considered the adequacy of the Group's disclosures in this area.
Recoverability of the parent company's investment in, and debt due from, group subsidiaries (Investments £65.3m million, amounts due from £122.3m) *Refer to page 90 (accounting policy) and pages 92 and 93 (financial disclosures).*	**Low risk, high value** The carrying amount of the parent company's investments in subsidiaries represents 35% of the company's total assets and the intra-group debtor balance represents the remaining 66% of the company's total assets. The investments' and debtors' recoverability are not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	**Our procedures included:** • **Tests of detail:** Comparing the carrying amount of 100% of investments and intra-group debtors with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. • **Assessing subsidiary audits:** Assessing the work performed by the Group and subsidiary audit teams on all of those subsidiaries and considering the results of that work, on those subsidiaries' profits and net assets. • **Our sector experience:** For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment intragroup and debtors with the expected value of the business based on a discounted cash flow projections.

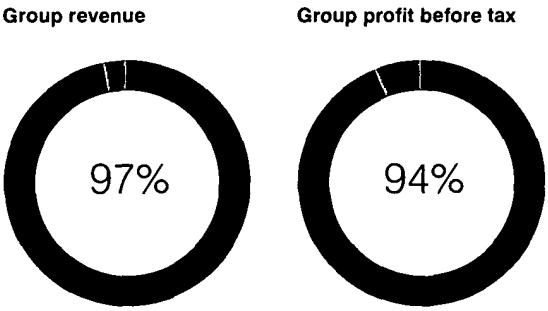
3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was initially set at £1.35m at the planning stage and was subsequently revised to £1.1m, determined with reference to a benchmark of Group profit before tax and exceptional items, of which it represents 5%.
Materiality for the parent company financial statements as a whole was set at £1m, determined with reference to a benchmark of gross assets, of which it represents 0.5%.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £67,500, in addition to other identified misstatements that warranted reporting on qualitative grounds. Of the Group's twenty reporting components, we subjected eleven to full scope audits for group purposes. The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported. The Group team approved the component materialities, which ranged from £0.3m to £1.1m, having regard to the mix of size and risk profile of the Group across the components.

The components within the scope of our work accounted for the percentage illustrated opposite.
The work on five of the eleven components was performed by component auditors and the rest, including the audit of the parent company, was performed by the Group team. The Group team performed procedures on the items excluded from Group profit before tax and exceptional items.
The Group team visited eight component locations in three locations to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors and the majority of the others that were not physically visited. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.







Independent auditor's report
to the members of Eddie Stobart Logistics plc continued

4. We have nothing to report on going concern
We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report
The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report
Based solely on our work on the other information:
- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the and explanations we require for our audit. information

We have nothing to report in these respects

7. Respective responsibilities
Directors' responsibilities
As explained more fully in their statement set out on page 38, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and, parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE
10 April 2018

Consolidated Income Statement
for the year ended 30 November 2017

	Note	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Continuing operations			
Revenue	3	**623,924**	570,177
Cost of sales		**(485,656)**	(448,986)
Gross profit		**138,268**	121,191
Administrative expenses: before amortisation of acquired intangibles and exceptional items		**(96,137)**	(81,601)
Administrative expenses: amortisation of acquired intangibles	7	**(11,137)**	(9,509)
Administrative expenses: before exceptional items		**(107,274)**	(91,110)
Administrative expenses: exceptional items	5	**(4,414)**	(3,288)
Total administrative expenses		**(111,688)**	(94,398)
Profit from operating activities		**26,580**	26,793
Profit from operating activities: before exceptional items		**30,994**	30,081
Finance income	9	**5**	5
Finance expenses: before exceptional items	9	**(9,650)**	(15,984)
Finance expenses: exceptional items	5	**(7,753)**	–
Total finance expense		**(17,403)**	(15,984)
Net finance expense		**(17,398)**	(15,979)
Share of profit from equity accounted investees, net of tax	15	**733**	428
Profit before tax	7	**9,915**	11,242
Tax expense	10	**(5,030)**	(1,332)
Profit for the year from continuing operations		**4,885**	9,910
Profit attributable to:			
Owners of the Company		**3,931**	9,029
Non-controlling interests		**954**	881
Profit for the year		**4,885**	9,910
Earnings per share:			
Basic – total operations	12	**1.2p**	3.3p
Diluted – total operations	12	**1.2p**	3.3p

The accompanying notes form part of the financial statements.

Consolidated Statement of Comprehensive Income
for the year ended 30 November 2017

	Note	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Profit for the year		**4,885**	9,910
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**(175)**	882
Foreign currency translation differences – equity-accounted investees	15	**20**	92
Movement on hedge reserve		**1,546**	285
Tax on items that are or may be reclassified subsequently to profit or loss		**(340)**	–
Total items that are or may be reclassified subsequently to profit or loss		**1,051**	1,259
Total comprehensive income for the year		**5,936**	11,169
Total comprehensive income attributable to:			
Owners of the Company		**4,982**	10,288
Non-controlling interests		**954**	881
Total comprehensive income for the year		**5,936**	11,169

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity
for the year ended 30 November 2017

	Attributable to equity holders of the Company										
	Share capital £'000	Share premium £'000	Translation reserve £'000	Merger reserve £'000	Own shares £'000	Share options reserves £'000	Hedge reserve £'000	Retained earnings £'000	Total £'000	Non controlling interest £'000	Total equity £'000
Balance at 1 December 2016	703	64,647	(332)	–	–	–	(1,546)	24,127	87,599	1,831	**89,430**
Profit for the year	–	–	–	–	–	–	–	3,931	3,931	954	**4,885**
Total other comprehensive income	–	–	(155)	–	–	–	1,546	(340)	1,051	–	**1,051**
Transactions with owners of the Company:											
Cancellation of share premium (note 24)	–	(64,647)	–	–	–	–	–	64,647	–	–	**–**
Issue of capital (net of costs)(note 24)	2,876	117,257	–	7,950	–	–	–	(2,064)	126,019	–	**126,019**
Share based payment charges	–	–	–	–	(2,700)	1,079	–	2,700	1,079	–	**1,079**
Dividends paid	–	–	–	–	–	–	–	(5,011)	(5,011)	–	**(5,011)**
	3,579	117,257	(487)	7,950	(2,700)	1,079	–	87,990	214,668	2,785	**217,453**
Changes in ownership interests in subsidiaries:											
Adjustment for minority interests (note 6d)	–	–	–	–	–	–	–	(2,280)	(2,280)	(2,585)	**(4,865)**
Dividends paid	–	–	–	–	–	–	–	–	–	(200)	**(200)**
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	(2,280)	(2,280)	(2,785)	**(5,065)**
Balance at 30 November 2017	**3,579**	**117,257**	**(487)**	**7,950**	**(2,700)**	**1,079**	**–**	**85,710**	**212,388**	**–**	**212,388**

	Attributable to equity holders of the Company							
	Share capital £'000	Share premium £'000	Translation reserve £'000	Hedge reserve £'000	Retained earnings £'000	Total £'000	Non controlling interest £'000	Total equity £'000
Balance at 1 December 2015	703	64,647	(1,306)	(1,831)	15,098	77,311	–	77,311
Profit for the year	–	–	–	–	9,029	9,029	881	9,910
Total other comprehensive income	–	–	974	285	–	1,259	–	1,259
	703	64,647	(332)	(1,546)	24,127	87,599	881	88,480
Changes in ownership interests in subsidiaries:								
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	1,750	1,750
Dividends paid	–	–	–	–	–	–	(800)	(800)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	950	950
Balance at 30 November 2016	703	64,647	(332)	(1,546)	24,127	87,599	1,831	89,430

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position
as at 30 November 2017

	Note	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	**59,979**	37,860
Intangible assets and goodwill	14	**271,500**	219,343
Investments in equity accounted investees	15	**1,276**	939
Deferred tax asset	23	**5,976**	874
		338,731	259,016
Current assets			
Inventories	16	**2,396**	2,357
Trade and other receivables	17	**148,979**	133,816
Cash and cash equivalents	18	**11,936**	14,083
		163,311	150,256
Total assets		**502,042**	409,272
Liabilities			
Current liabilities			
Loans and borrowings	21	**(7,767)**	(6,212)
Trade and other payables	19	**(128,218)**	(110,581)
Current tax liability		**(2,770)**	(493)
Provisions	22	**(3,434)**	(1,259)
		(142,189)	(118,545)
Non-current liabilities			
Loans and borrowings	21	**(113,666)**	(173,375)
Trade and other payables	20	**(18,822)**	(15,499)
Deferred tax liabilities	23	**(14,977)**	(11,400)
Provisions	22	**–**	(1,023)
		(147,465)	(201,297)
Total liabilities		**(289,654)**	(319,842)
Net assets		**212,388**	89,430
Equity			
Share capital	24	**3,579**	703
Share premium	24	**117,257**	64,647
Merger reserve	24	**7,950**	–
Translation reserve	24 i	**(487)**	(332)
Own shares	24 ii	**(2,700)**	–
Share option reserve	24 iii	**1,079**	–
Hedge reserve	24 iv	**–**	(1,546)
Retained earnings		**85,710**	24,127
Total equity attributable to owners of the Company		**212,388**	87,599
Non-controlling interests		**–**	1,831
Total equity		**212,388**	89,430

The accompanying notes form part of the financial statements
Signed on behalf of the Board on 10 April 2018:

Damien Harte
Chief Financial Officer

Company number 08922456

Consolidated Cash Flow Statement
for the year ended 30 November 2017

	Note	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Cash flows from operating activities			
Profit for the year from continuing operations		**4,885**	9,910
Adjustments for:			
Net finance costs	9	**9,645**	15,979
Share of profit of equity-accounted investees, net of tax	16	**(733)**	(428)
Tax expense	10	**5,030**	1,332
Depreciation	13	**6,797**	6,125
Amortisation of intangible assets	14	**11,137**	9,509
Gain on sale of property, plant and equipment	7	**(2)**	(1,446)
Equity settled share-based payment expenses		**1,079**	–
Other non-cash exceptional items	4a	**3,685**	1,684
Foreign exchange		**(238)**	–
Changes in:			
Inventories		**(39)**	(414)
Trade and other receivables		**(14,761)**	(16,697)
Trade and other payables		**5,218**	5,877
Deferred income/revenue, including government grant		**(2,469)**	(1,753)
Cash generated from operating activities		**29,234**	29,678
Net interest paid		**(7,678)**	(10,333)
Income taxes paid		**(2,667)**	(1,674)
Net cash generated from operating activities		**18,889**	17,671
Cash flows from investing activities			
Proceeds from sales of property, plant and equipment		**3,783**	7,237
Acquisition of subsidiaries, net of cash acquired		**(43,220)**	(1,840)
Purchase of property, plant and equipment		**(8,865)**	(8,052)
Purchase of intangibles		**(770)**	–
Interest received		**5**	5
Dividends received from equity accounted investees	15	**416**	134
Net cash used in investing activities		**(48,651)**	(2,516)
Cash flows from financing activities			
Proceeds from issue of share capital (net of costs)		**118,019**	–
Draw down of new borrowings (net of costs)		**98,434**	–
Acquisition of non-controlling interests		**(5,050)**	–
(Payment)/draw down of financing facility, net of costs		**(145)**	641
Repayment of bank borrowings		**(171,232)**	(385)
Payment of capital element of finance lease liabilities		**(7,466)**	(5,425)
Dividends paid to minority interests during the year		**(200)**	–
Interim dividends paid during the year		**(5,011)**	–
Net cash generated from/(used in) financing activities		**27,349**	(5,169)
Net (decrease)/increase in cash and cash equivalents		**(2,413)**	9,986
Cash and cash equivalents at the start of the financial year		**14,083**	4,097
Effect of exchange rate fluctuations on cash held		**266**	–
Cash and cash equivalents at the end of the financial year	18	**11,936**	14,083

The accompanying notes form part of the financial statements

Notes to the Consolidated Financial Statements
for the year ended 30 November 2017

1. Principal Accounting Policies

Eddie Stobart Logistics plc (formally Greenwhitestar UK plc) (the 'Company') is a company limited by share capital, incorporated and domiciled in the United Kingdom. The address of the Company's registered office is Stretton Green Distribution Park, Langford Way, Appleton, Warrington, WA4 4TQ. The Consolidated Financial Statements of the Company as at and for the year ended 30 November 2017 and the comparative year ended 30 November 2016 comprise the Company and its subsidiaries (referred to as the 'Group') and the Group's interest in associates and jointly controlled entities. The Group and its subsidiaries provide value added logistics, distribution and warehousing services for its clients across a wide range of service sectors and industries.

Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretation Committee ('IFRIC') interpretations endorsed by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation

The Group and Company accounting policies set out below have been applied consistently to all years in these Consolidated Financial Statements, and have been applied consistently by Group entities unless otherwise stated.

Going concern

The Consolidated Financial Statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of these financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. To assist in this process, management has completed a budgeting process for the financial year ending 30 November 2018, incorporating a detailed income statement, cash flow analysis and statement of financial position, and a forecasting exercise for a period of six months beyond this. The Directors have assessed the funding requirements of the Group and the Company and compared them to banking facilities available. This exercise has not identified any issues that would suggest any significant risk to the Group's continued trading position and the forecasts demonstrate that the Group is expected to remain within its existing finance facilities and their associated covenants. The Directors have therefore adopted the going concern basis in preparing these Consolidated Financial Statements.

Basis of measurement

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 30 November 2017. Control is identified when the Group has rights to variable returns from its involvement with the investee and has the ability to affect those returns from its power over the investee. The Group controls an investee where:

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to any non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The Financial Statements of subsidiaries used in the preparation of the Consolidated Financial Statements are prepared for the same reporting year as the Parent Company. A change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Any investment retained is recognised at fair value.

i. Business combinations – business combinations are accounted for using the acquisition method as at the acquisition date (when control is transferred to the Group). The Group measures goodwill at the acquisition date as:
   - The fair value of the consideration transferred
   - The recognised amount of any non-controlling interests in the acquiree
   - If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed

1. Principal Accounting Policies continued

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

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

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

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

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

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

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

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

Segment reporting

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

Foreign currency

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

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

Financial instruments

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

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

1. Principal Accounting Policies continued

ii. Non-derivative financial liabilities – financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group classifies non-derivative financial liabilities into the other financial liabilities category. 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. Other financial liabilities comprise loans and borrowings, debt securities issued, bank overdrafts, and trade and other payables.

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

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

iv. Derivative financial instruments and hedging – the group uses interest rate swap derivative financial instruments to hedge its risks associated with interest rate fluctuations. All derivative financial instruments are initially recognised and subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. For those derivatives designated as hedges and for which hedge accounting is appropriate, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the consolidated income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, which in the case of the single financial instrument held by the Group is a cash flow hedge.

Hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while the ineffective portion is recognised in the consolidated income statement. Amounts previously recognised in other comprehensive income are transferred to the consolidated income statement in the period in which the hedged item affects profit or loss, such as when a forecast sale occurs. However, when the forecast transaction results in the recognition of a non-financial asset or liability, the amounts previously recognised in other comprehensive income are included in the initial carrying amount of the asset or liability.

If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs and are then transferred to the consolidated income statement or included in the initial carrying amount of a non-financial asset or liability as above.

Property, plant and equipment

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

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

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

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

- Freehold buildings: 2%-5% per annum straight line
- Leasehold land and buildings: 1% straight line, or period of lease if shorter
- Vehicles and trailers: 3-10 years straight line and 25% reducing balance as appropriate
- Plant and equipment: 3-7 years straight line and between 15%-20% reducing balance as appropriate
- Fixtures and fittings: 3-5 years straight line and between 20%-33% reducing balance as appropriate

1. Principal Accounting Policies continued

Assets under construction

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

Intangible assets and goodwill

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

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

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

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

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

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

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

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

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

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

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

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

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

These are as follows:

- Software development and licences; 3 years
- Rights to trademarks, brand names and customer relationship lists; 6 to 15 years
- Franchise contracts; 10 to 15 years

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

Impairment

i. Non-derivative financial assets – a financial asset not classified at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

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

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

1. Principal Accounting Policies continued

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

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

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At 30 November 2017 the Group held no financial assets available for sale.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are presented in the income statement within 'other net gains' in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'administration expenses'. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration expenses' in the income statement.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Inventories

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

Employee benefits

i. Short-term employee benefits – short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.
ii. Defined contribution plans – a defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

1. Principal Accounting Policies continued

Share-based payments

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

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

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

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

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

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

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

Dividend distribution

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

Trade payables

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

Borrowings

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

Provisions

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

i. Lease remediation and site restoration – provisions are established over the life of leases to cover remedial work necessary at termination under the terms of those leases. Guidance for the total cost is made with reference to independent third party quantity surveyors reports and spread over the terms of the lease.
ii. Onerous contracts – a provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.
iii. Employee restructuring – a provision for employee restructuring costs is made once the Group is committed to any restructuring plans, which require a change to the status of employees that have a cost implication.
iv. Insurance claims are assessed on a case by case basis, with the estimated costs of claims based on the advice of the Group's external insurance advisers.

Revenue

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. In practice this means that revenue is generally recognised as follows:

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

1. Principal Accounting Policies continued

(a) Sale of goods
Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods. For other goods, it is when despatched, or packaged and made available for collection.

(b) Warehouse and distribution service contracts
Revenue is recognised when the service is rendered. Invoicing varies by contract, but is typically either in line with work performed or initially on a budgeted volume basis with later adjustment to reflect actual activity. Where a contract contains elements of variable consideration, the Group will estimate the amount or revenue to which it will be entitled under the contract. Variable consideration can arise as a result of incentives, performance bonuses, penalties or other similar items.

(c) Training and other contracts
Revenue is recognised over the life of the contract in proportion to the costs of providing the services.

(d) Franchise revenue and franchise contracts
Franchise revenue is recognised gross to reflect franchisor management of invoicing, collection and credit risk. Revenue in respect of franchise contracts is recognised at the point in which a franchise agreement has been signed and fees in respect of the franchise have been received, at which point they are not refundable.

(e) Sales of services – Property
At certain sites where the company has entered into leases, arrangements have been entered into with a third party, under which the Company received fees for property-related advisory fees. Revenue earned from providing property associated services is recognised in the Consolidated Income Statement at the fair value of the consideration received/receivable, net of professional fees, associated costs and VAT.

The Company continues to be successful in providing property related services included to third party investors as part of its core strategy and the growth of its warehousing estate. It has earned fees of £10.4m (2016: £4.6m; 2015:£9.1m) with a strong pipeline of future projects and work going into 2018. Management has made the judgement that the fees are payments for the provision of property services to a third party investor that may be recorded as the revenue at the time of the transaction.

In forming that judgement the Company has considered whether the leases it has entered into are operating leases and whether the future rentals are at market value and accordingly, whether the fees received can be attributed to delivered property services.

(f) Sale of services – Consultancy
In line with the stated strategy of consulting led logistics, the Group offers a range of consultancy services including property, logistics, IT consulting and integration services. In the year to November 2017 these totalled £6.7m (2016: £1.2m).

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

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

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

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

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

1. Principal Accounting Policies continued

Exceptional items

Items that are material in size or nature are presented as exceptional items in the income statement. The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Group's underlying business performance. Events which may give rise to the classification of items as exceptional include restructuring of business units and the associated legal and employee costs, and other significant gains or losses. Items of expenditure relating to the initial public offering (IPO) and the acquisition of business assets have been treated as exceptional items during the year, as well as costs associated with the refinancing and closure of swap arrangements during the year and a gain arising on a lease agreement (see note 5).

Alternative performance measures (APMs)

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

Tax

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

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

ii. Deferred tax – is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for
   - Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
   - Temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
   - Taxable temporary differences arising on the initial recognition of goodwill

New standards and interpretations

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

Title	Key Issues	Effective Date	Impact on ESL
IFRS 15 Revenue from Contracts with Customers	The new standard is a single global revenue standard that contains a single model that applies to two approaches, being at point in time and over time. For complex transactions with multiple components, variable consideration or extended periods, application of the standard can lead to revenue being accelerated or deferred in comparison to current IFRS.	Periods beginning 1 January 2018, deferred from 1 January 2017.	Management are currently evaluating the potential impact of the new standard and are not intending to adopt during FY18.
IFRS 9 Financial Instruments	IFRS 9 was introduced in 2014 as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.	Periods beginning 1 January 2018.	Management are currently evaluating the potential impact of the new standard and are not intending to adopt during FY18.
IFRS 16 Leases	IFRS 16 was issued in January 2016 and is effective from 1 January 2019, eliminating the classification of leases as operating leases or finance leases and setting out a single lease accounting model.	Periods beginning 1 January 2019, subsequent to EU endorsement.	Significant impact on Statement of Financial Position and Income Statement presentation and measurement which is currently under review.

At the date of the authorisation of these financial statements, the following Standards and interpretations which have not been applied in these financial statements were in issue but are either not yet effective or have not been adopted by the EU:

- Amendments to IFRS 2 Classification and Measurement of Share-based payment transactions.
- Amendments to IAS 7 Disclosure Initiative.
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses.
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Annual Improvements 2014–2016 Cycle.

Other than as mentioned in the above, the Group does not currently expect that adoption of the other standards and amendments listed will have a significant effect on the consolidated results or financial position of the Group.

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

2. Summary of Significant Accounting Judgements and Fair Value estimates

Significant accounting judgements

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

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

Critical judgements in applying the Group's accounting policies

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

i. Lease commitments – at the point of entering into a new lease, management make best efforts to assess the pricing, size, quality, location and fit for new warehouse space, to which a commitment is being made. In making this assessment management must take a view on market rentals, which is inherently a critical accounting judgement. If the rental is subsequently deemed to be above market rate then there is a risk that the contract could prove to be onerous and may also impact the ability to recognise any revenue from property related services that have been provided. In addition a critical accounting judgement has been applied in assessing whether a new lease signed by the Group was a new lease or whether it had modified the pre-existing lease. The Company concluded that because it was a major redevelopment with significantly different terms that the new lease was a substantially different asset. In the absence of guidance in IAS 17 as to how to determine whether a lease had been terminated or modified, it was appropriate for the release of the deferred lease liability to be recognised as a gain in the period. However, given the magnitude of the release and its unusual nature, management determined that the impact of this transaction should be disclosed separately.

ii. Classification of certain leases – judgement is required in certain leases that contain buyback clauses over the extent of risk that remains at the end of the lease term and therefore whether the lease is classified as a finance or operating lease. This judgement is made at the outset on a case by case basis. However, once these judgements have been made, no change to the lease classification is expected.

iii. Assessment of control – for non-wholly owned acquisitions judgement is required in evaluating the facts and circumstances in order to assess and determine whether and when the business has control. In making this determination, management look closely at whether the Group has the ability to influence the returns generated by the investee through being able to direct its activity and also whether the investee is exposed to variable rates of return.

iv. Bonus payments in respect of the IPO – during the financial year cash bonuses were paid to the Directors and employees of the Eddie Stobart Logistics plc in relation to the IPO by Greenwhitestar Holding Company 1 Limited, the ultimate parent company of the Group prior to the IPO, from the proceeds of sale of shares placed in the IPO. There was no economic or financial consequences for the Company or any member of the Group from this payment and therefore no charge has been recognised in the Group as a result.

v. Refinancing of borrowing (note 21) – judgment is required when accounting for the re-financing of the Groups borrowings. An assessment of the terms and structure of both the original and replacement facility is made to determine the treatment of capitalised borrowing costs. Where the re-financing is deemed to result in the extinguishment and replacement of the original loan the corresponding costs are released in full to the income statement.

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

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

i. Useful lives of intangible assets and property, plant and equipment – the useful lives of intangible assets rely on various internal and external factors which could turn out to be different from the assumptions employed in determining their useful life. The useful lives of property, plant and equipment is also dependent upon estimates of the period over which an asset is expected to generate profits, which includes an assessment of the reliability, longevity and cost of maintenance of those assets. The Board periodically reviews the major classes of assets to ensure that the periods over which they are amortised or depreciation is appropriate.

ii. Impairment of goodwill – the Group is required to perform an annual impairment test on goodwill by reference to its value in use or its fair value, less costs of disposal. This requires an estimate of future business performance, cash flows and discount rates all of which rely on estimates and judgements of future events and may therefore be subject to change.

iii. Taxation – the tax balances are calculated based on an assessment of the tax treatment of income and costs and the availability of tax losses and Group reliefs. The calculation of deferred tax balances also includes an estimate of future profits and assumptions regarding future tax treatments, for example in relation to the deductible of the brand intangible. The calculations are prepared in consultation with third party advisers but due to the estimates and judgements required may still be subject to change.

2. Summary of Significant Accounting Judgements and Fair Value Estimates continued

iv. Contingent consideration and valuation on put and call option (note 6) – Where the measurement of an investment involves the future performance of the business to be considered, management must exercise judgment and form a view of the probable outcome at the measurement points. Subsequent change to this valuation that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income unless the contingent consideration is classified as equity. In such circumstances, changes are recognised within equity. Changes in contingent consideration arising from additional information, obtained within one year of the acquisition date, about facts or circumstances that existed at the acquisition date are recognised as an adjustment to goodwill. The contingent consideration calculation date is 31 May 2018 and therefore given the relative proximity to the 30 November 2017 balance date, the risk of material misstatement is considered to be low. The first point at which the put and call could be exercised is 31 May 2021, and therefore the risk of material misstatement is considered to be greater, given that the level of accuracy in forecasts and estimates reduces over longer periods.

v. Property, plant and equipment (note 13) – The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which property could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. No material misstatement is expected in the following year but inclusion of the estimate is considered appropriate in view of the exercise conducted on the acquired Canute assets, as detailed in note 6.

vi. Intangible assets (note 14) – The Group has significant investments in indefinite lived intangible assets and goodwill at 30 November 2017 as a result of acquisitions of businesses and purchase of such assets. The carrying value of indefinite intangible fixed assets at 30 November 2017 is £87.8m (2016: £71.4m). These assets represent the fair value of customer relationships acquired in a business combination, which are determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows and Brand names held under licence which are valued at their amortised cost. This involves the preparation of discounted cash flow projections, which require an estimate of both future operating cash flows and an appropriate discount rate. Such estimates are inherently subjective and can have a material impact on the result of the impairment test.

vii. Trade and other receivables (note 17) – The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date. Provisions for impairment of receivables are established when there is objective evidence that the Group will not be able to collect all amounts due.

viii. Fair value estimates in share schemes (note 25) – Judgement is required when calculating the fair value of awards made under the Group's share-based payment plans. Note 25 describes the key assumptions and valuation model inputs used in the determination of these values. In addition estimates are made of the number of awards that will ultimately vest and judgement is required in relation to the probability of meeting non-market-based performance conditions and the continuing participation of employees in the plans. The complexity of the assessment and the sensitivity of the assumptions are described in note 25.

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

3. Operating Segments

Eddie Stobart Logistics plc provides contract logistics services in the UK and Europe. In the year to 30 November 2017 the Group managed its operations via distinct functions although it is in the process of moving to managing the business via a sector based view. Road Transport represents general transport in UK and Ireland, Ports, Special Operations (consisting of work relating to the FIA World Formula 1 Championship™, Truckstops and property services) and Speedy Freight. Contract Logistics and Warehousing represents contract logistics and warehousing services, including iForce Group. EU Transport represents transport and vehicle transportation in Europe. Other represents head office costs, interest costs and central costs such as HR, IT, Finance, Payroll and other departments which are not directly allocated to business units, as well as driver related services including Logistic People.

All operations are continuing for each segment.

Analysis of operating segments

	Road Transport £'000	**Contract Logistics and Warehousing £'000**	**EU Transport £'000**	**Other Divisions £'000**	**Year ended 30 November 2017 £'000**
Revenues – external customers	**414.2**	**139.5**	**38.6**	**31.6**	**623.9**
Adjusted EBITDA	**48.5**	**9.9**	**1.5**	**(4.6)**	**55.3**
Adjusted EBITDA Margin	**11.7%**	**7.1%**	**3.9%**	**(14.6%)**	**8.9%**

	Road Transport £'000	Contract Logistics and Warehousing £'000	EU Transport £'000	Other Divisions £'000	Year ended 30 November 2016 £'000
Revenues – external customers	415.4	94.5	38.5	21.8	570.2
Adjusted EBITDA	41.4	4.6	2.9	(1.5)	47.4
Adjusted EBITDA Margin	10.0%	4.9%	7.5%	(6.9%)	8.3%

By geographical segment

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
United Kingdom	**585.3**	510.5
EU	**38.6**	59.7
Total revenue	**623.9**	570.2

The revenue from one customer amounted to more than 10% of the Group's total revenue. The revenue from that customer was £146.8m for the year ended 30 November 2017 (2016: £136.1m) and this was reported in the Road Transport Operating Segment.

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

3. Operating Segments continued

As the Group is in the process of moving toward sector reporting discussed above, the following table demonstrates the revenue streams on this basis.

Analysis of revenue by sector

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Retail	**168.6**	152.2
Consumer	**144.6**	164.6
Manufacturing, Industrial & Bulk	**182.0**	132.7
E-Commerce	**103.4**	49.1
Non sector specific	**25.3**	50.4
Underlying Revenue (see note 4)	**623.9**	549.0
Ireland Retail segment	**–**	21.2
Revenue	**623.9**	570.2

4. Alternative Performance Measures Reconciliations

Alternative performance measures (APMs)

Underlying results are used in the day-to-day management of the Group, and represent statutory measures adjusted for items which, in the Directors' view, could distort the understanding of comparability and performance of the Group year on year. These items include the impact of the exit from the Ireland Retail segment, exceptional items, amortisation of acquired intangibles, share of profit from equity accounted investees, employee share scheme costs which were fully funded by the previous parent holding group and investor and management charges.

Investor and management charges incurred under the previous private equity ownership will not recur in the future and therefore do not form part of the underlying trading performance of the Group. Amortisation of acquired intangibles is added back as the charge is non-cash. The share of profit from equity accounted investees represents joint ventures which run in collaboration with existing Group businesses. The employee share scheme costs were funded by the previous parent holding group and therefore, whilst they result in an accounting entry to the Group, they do not represent a cash cost. The gain arising on lease agreement has been added back into underlying profit as it arose as part of the strategy around management of the property portfolio, full disclosure is provided in note 5.

A reconciliation between APMs and the statutory IFRS measures is detailed on page 62.

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

4. Alternative Performance Measures Reconciliations continued

Reconciliation to underlying EBITDA

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Reported revenue	**623,924**	570,177
Impact of exit from Ireland retail segment	**–**	(21,200)
Underlying revenue[(i)]	**623,924**	548,977
Reported profit from operating activities before exceptional items	**30,994**	30,081
Amortisation of acquired intangibles	**11,137**	9,509
Share of profit from equity accounted investees	**733**	428
Employee share scheme costs funded by previous parent holding group	**413**	–
Investor and management charges	**634**	1,233
Gain arising on lease agreement (note 5)	**4,616**	–
Underlying EBIT[(ii)]	**48,527**	41,251
Depreciation	**6,797**	6,125
Underlying EBITDA[(ii)]	**55,324**	47,376
Profit before tax	**9,915**	11,242
Amortisation of acquired intangibles	**11,137**	9,509
Exceptional items (excluding gain arising on lease agreement)	**16,783**	3,288
Adjusted profit before tax	**37,835**	24,039
Cash generated from operating activities	**29,234**	29,678
Purchase of property, plant and equipment	**(8,865)**	(8,052)
Proceeds from sale of property plant and equipment	**3,783**	7,237
Income taxes paid	**(2,667)**	(1,674)
Exceptional items (note (a) below)	**8,482**	1,604
Adjusted free cash flow	**29,967**	28,793

(i) Underlying revenue includes revenue of £49m (8% growth from prior year) from acquisitions (note 6).
(ii) Underlying EBIT and underlying EBITDA are stated before tax but include the tax effect of share of profit from equity accounted investees.

Note (a) Reconciliation of cash impact of exceptional items

Reconciliation of cash impact of exceptional items

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Exceptional items (note 5) Adjusted for:	**12,167**	3,288
Adjusted for:		
Gain arising on lease agreement	**4,616**	–
Residual capitalised bank fees relating to the previous loan	**(6,621)**	–
Costs associated with business acquisitions	**(1,342)**	–
Other non-cash exceptional items	**(338)**	(1,684)
Non-cash exceptional items	**(3,685)**	(1,684)
Cash impact of exceptional items	**8,482**	1,604

5. Exceptional Items

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Exceptional items included in administrative expenses		
Restructuring costs	**(928)**	(3,288)
Costs associated with the IPO of Eddie Stobart Logistics plc	**(3,947)**	–
Costs associated with business acquisitions	**(1,719)**	–
Gain arising on lease agreement	**4,616**	–
Exit from Irish retail sector	**(2,436)**	–
Total exceptional items included in administrative expenses	**(4,414)**	(3,288)
Residual capitalised bank fees relating to the previous loan	**(6,621)**	–
Costs associated with swap closure	**(1,132)**	–
Total exceptional items included in finance expenses	**(7,753)**	–
Total exceptional items before tax	**(12,167)**	(3,288)
Tax credit	**1,900**	658
Total exceptional items	**(10,267)**	(2,630)

Restructuring costs comprise costs of integration plans, legal costs, significant redundancy costs, business reorganisation and restructuring undertaken by management as the business continues to centralise and integrate acquisitions. These are principally expected to be one-off in nature.

Eddie Stobart Logistics plc was listed on the London Stock Exchange on 25 April 2017, with the consequence that a number of professional and adviser costs were incurred. These costs have been classified as exceptional.

The Group has been acquisitive during the year, with further one-off non-trading expenses incurred in the investments in iForce Group, Puro Ventures (trading as Speedy Freight), The Logistics People and certain assets and liabilities of Canute. The acquisition costs of £1.72m include £1.34m in relation to contingent consideration accounted for as remuneration. Further details can be found on this activity in note 6.

In 2017 due to increased business demand, the Company undertook a major redevelopment of our strategically important site at Goresbrook Park, Dagenham. Funded by our landlord, it increased the revenue earning capacity by over 100%, added significant additional state-of-the-art warehousing capacity, improved transport operations facilities and enhanced rail connectivity. In conjunction with this redevelopment we surrendered our existing lease and signed a new 26 year institutional lease at market rent appropriate to the new facility. As a consequence certain credits relating to the former lease were released to the profit and loss account, namely the unamortised portion of the original two year rent free period and the provision for the contractual uplifts of rent over the original 17 year lease term. The aggregate amount of these credits was £4.6m.

Given the relative magnitude of the amount released, the Group have disclosed this as an exceptional credit in the year. However as releases of this nature flow naturally from our continuing strategic development of our warehousing portfolio, and may well occur in the future, it has been reported as part of the underlying trading performance of the business in note 4.

The Group exited a significant contract in Ireland during the year and the exceptional costs of £2.4m represent the repatriation of equipment to the UK, termination of equipment lease contracts, storage, decommission and disposal costs of the assets.

A new term loan was arranged in parallel to the listing, with the result that the residual capitalised bank fees relating to the previous loan were written off to the income statement within finance costs, in addition to swap closure costs.

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

6. Acquisitions

During the financial year, the Group undertook a number of strategic acquisitions. A summary of these acquisitions, the assets and liabilities acquired, intangible assets assumed and the associated goodwill arising is set out below:

	iForce £'000	Speedy Freight £'000	Canute £'000	TLP Holdings £'000	Total values £'000
Net assets acquired	7,312	915	–	2,585	10,812
Fair value adjustments/value of intangible assets recognised	11,394	8,591	(1,300)	–	18,685
Fair value recognised on acquisition*	18,706	9,506	(1,300)	2,585	29,497
Consideration	(44,993)	(18,748)	–	(5,050)	(68,791)
Movement on Group's equity	–	–	–	2,465	2,465
Goodwill	**26,287**	**9,242**	**1,300**	**–**	**36,829**

* Fair values used in the acquisition of the above business interests are provisional until a period of 12 months from the date of acquisition has elapsed were upon they become final.

Post-acquisition revenue, profits and costs of acquisition for the businesses acquired are:

	iForce £'000	Speedy Freight £'000	* Canute £'000	** TLP Holdings £'000	Total values £'000
Revenue	39,551	9,548	–	–	49,009
Operating profit before exceptional items	2,832	1,039	–	–	3,871
Operating profit margin	**7.2%**	**10.9%**	**–**	**–**	**7.9%**
Cost of acquisition	**270**	**1,049**	**–**	**400**	**1,719**

Revenue and profits for the businesses acquired for the twelve month period to 30 November 2017 are:

	iForce £'000	Speedy Freight £'000	* Canute £'000	** TLP Holdings £'000	Total values £'000
Revenue	**66,617**	**18,309**	**–**	**–**	**84,926**
Operating profit before exceptional items	**3,390**	**1,656**	**–**	**–**	**5,046**
Operating profit margin	**5.1%**	**9.0%**	**–**	**–**	**5.9%**

* Income streams and profits for the business assets acquired from the Canute Group were fully integrated into the business operations of Eddie Stobart Limited from the date of acquisition and as a consequence of the fully fungible nature of the network, were therefore not readily identifiable.

** 50% of TLP Holdings Limited was acquired in January 2016 and fully consolidated into the Group financial statements for that financial year end, where details of this acquisition can be found.

6. Acquisitions continued

a. iForce Group

On 28 April 2017, Eddie Stobart Logistics plc acquired, through its wholly-owned subsidiary ESLL Group Limited, 100% of the share capital of iForce Group Limited, a leading E-commerce service provider which supports customers with industry-leading software and operational capability.

The consideration payable was transferred upon acquisition and no further contingent consideration is payable. Transaction costs associated with the acquisition have been recorded in the income statement classified as exceptional costs (note 5).

Goodwill arising on the acquisition represents the projected profitability of the iForce Group, including the assembled workforce, together with further potential to exploit synergies between Group business units and within the logistics sector as a whole. None of this goodwill is expected to be deductible for corporation tax purposes.

Subsequent to acquisition management performed a review of the carrying value of all of the identifiable assets and liabilities of the aggregated companies within the iForce Group. This review resulted in a number of fair value adjustments.

The fair value adjustments arose primarily as a consequence of a purchase price allocation exercise using a recognised third party and done in accordance with IFRS 3 and IAS 38, in addition to adjustments made to receivables provisioning, timing of the recognition of costs and ensuring sufficient site restoration provisioning.

Identifiable assets acquired and (liabilities) assumed	Fair value recognised on acquisition £'000
Property, plant, equipment	3,667
Intangible assets: intellectual property and software	4,346
Intangible assets: customer relationships	12,550
Deferred tax	3,748
Trade receivables	4,179
Other receivables	4,280
Overdraft	(230)
Trade payables	(2,179)
Other payables and deferred income	(11,655)
Total net assets acquired	**18,706**
Cash settlement	36,993
Equity settlement	8,000
Total consideration transferred	**44,993**
Goodwill arising on acquisition	**26,287**

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

6. Acquisitions continued

b. Puro Ventures (trading as Speedy Freight)

On 8 July 2017 the Group purchased 50% of the share capital of Puro Ventures Limited, which trades as Speedy Freight. Speedy Freight has a rapidly growing franchise model and specialises in urgent business to business, same day delivery.

In the view of management, the acquisition of the remaining available equity is probable through the existence of a call option and a put option, exercisable in future periods, with the amounts payable under the options dependent on the future trading results. Acquisition of the remaining 50% shareholding is expected to result in a higher payment than for the controlling interest due to the rapid projected growth of the business.

The Directors have undertaken a review of the relevant acquisition and the shareholder agreements and have determined, based on that review and actual operational arrangements since acquisition, that they have the power to direct the relevant activities of the Speedy Freight business and that they have exposure to variable returns from the exercise of that power. On this basis, and also taking into account the existence of the put and call arrangements set out above, the Group has consolidated the results of Speedy Freight from the date of acquisition.

Subsequent to the acquisition, management performed a review of the carrying value of all of the identifiable assets and liabilities within Speedy Freight. This review resulted in the following assets and liabilities being restated to their fair value on acquisition as presented in the table below:

Identifiable assets acquired and (liabilities) assumed	Fair value recognised on acquisition £'000
Property, plant, equipment	62
Intangible assets: franchise contracts	6,379
Intangible assets: brands	646
Intangible assets: customer relationships	1,775
Trade receivables	3,453
Other receivables	1,386
Overdraft	(1,836)
Trade payables	(1,202)
Other payables and deferred income	(1,157)
Total net assets acquired	**9,506**
Cash settlement	4,127
Contingent consideration	2,766
Liability in respect of the put and call	11,855
Total consideration transferred	**18,748**
Goodwill arising on acquisition	**9,242**

The goodwill arising on acquisition represents the projected profitability of the acquired business, synergy benefits and the future expected success of the well-established and rapid growth franchise. None of this goodwill is expected to be deductible for corporation tax purposes. The fair value adjustments are provisional.

The contingent consideration reflects management's best estimate of the cash expected to be payable at future dates based on the latest forecast information and is dependent upon the business meeting future targets. The amount recorded as contingent consideration on the first 50% is £2.766m. The liability in respect of the put and call for the second 50% is £11.855m. There is a variable element to both payments, however the outcome will be a minimum overall payment of £13.2m or a higher payment as a consequence of a calculation that takes earnings before interest and tax (EBIT) and applies a multiple across a range of different measurement points.

The purchase agreement also contains good leaver and bad leaver provisions, in order to protect the Group's interests which have a ceiling and floor in the calculations. The difference between consideration payable under the good leaver and bad leaver calculations is treated as remuneration and will be recorded in the income statement over the put and call option period. A charge of £0.94m has been recorded in the year, classified as an exceptional item, along with the other transaction costs associated with the acquisition (see note 5).

The fair value adjustments arose primarily as a consequence of a purchase price allocation exercise using a recognised third party and undertaken in accordance with IFRS 3 and IAS 38, in addition to adjustments made to receivables provisioning and the timing of the recognition of costs. Fair values used in the acquisition of the above business interests are provisional until a period of 12 months from the date of acquisition has elapsed whereupon they become final.

6. Acquisitions continued

c. Canute

On 7 August 2017 the Group entered into a business purchase agreement between Eddie Stobart Limited and Canute Haulage Group Limited for certain assets and liabilities consisting of 38 tractors and tankers, 53 trailers, approximately 50 employees (administrative and drivers); a licence to occupy a Brentwood Essex business address and all the Canute policies and protocols, under a business purchase agreement.

The acquisition is strategic to provide a further foothold within the important manufacturing (MIB) business segment and in a location where the Group is well placed to substantially improve fleet utilisation. The acquired assets and liabilities were initially recorded at £6m each. The business was acquired for consideration of £1, subject to the successful novation or buy out of the lease arrangements.

Identifiable assets acquired and liabilities assumed	Fair value recognised on acquisition £'000
Property, plant, equipment	4,705
Other payables and deferred income	(6,005)
Total net assets acquired	**(1,300)**
Cash settlement	–
Total consideration transferred	**–**
Goodwill arising on acquisition	**1,300**

The goodwill arising on acquisition represents the projected profitability of the acquired business as part of the Eddie Stobart network with enhanced possibilities to better utilise the fleet. None of this goodwill is expected to be deductible for corporation tax purposes. The fair value adjustments are provisional.

Transaction costs associated with the acquisition have been recorded directly to the income statement, classified as exceptional costs (note 4).

The fair value adjustments arose as a result of a revaluation of the property plant, and equipment to market value.

d. TLP Holdings Limited

On 30 August 2017 AHL Anglia Limited, a subsidiary of the Group, entered into an agreement to acquire the remaining 50% share capital of TLP Holdings Limited ("TLP"), having acquired the initial 50% of TLP's shares in January 2016. TLP provides driver related services and is expected to support the Group with its anticipated growth plans, primarily through the recruitment of drivers for the Group's fleet.

The total consideration payable for the remaining 50% of TLP's share capital comprised an initial cash payment of £5,050m and contingent consideration of up to £2m, based upon the business meeting future targets. The contingent consideration is measurable over the following three years and is in place to incentivise management to achieve strong commercial results. The entirety of the contingent consideration is linked directly to the recipient's future employment will therefore be accounted for as remuneration and recorded directly in the Income Statement, with £0.4m recognised during the year ending 30 November 2017.

Transaction costs associated with the acquisition have been recorded directly in the income statement (note 5).

Identifiable assets acquired and (liabilities) assumed	Fair value recognised on acquisition £'000
Non-controlling interests at fair value	2,785
Total interests acquired	**2,785**
Cash settlement	5,050
Total consideration transferred	**5,050**
Stamp duty on shares	(15)
Movement on Group's reserves	**(2,280)**

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

7. Profit Before Tax
The following items have been included in arriving at profit before income tax:

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Employee benefits (note 8)	**178,044**	149,456
Depreciation of property, plant and equipment (note 13)	**6,797**	6,125
Amortisation of intangible assets (note 14)	**11,137**	9,509
Profit on disposal of property, plant and equipment	**(2)**	(1,446)
Operating lease rentals payable:		
land and buildings	**31,022**	28,192
plant and equipment	**4,524**	4,921
commercial vehicles	**34,712**	38,406

Auditors' remuneration
During the year, the Group (including overseas subsidiaries) obtained the following services from the Group's auditors at costs as detailed below:

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Audit services		
Fees payable to the Company's auditors for the audit of the Parent Company and the Consolidated Financial Statements	**42**	44
Fees payable to the Company's auditors and its associates for the audit of the Company's subsidiaries pursuant to legislation	**282**	199
Non-audit services		
Other services including tax and IPO fees	**834**	41

8. Employees and Directors

Details concerning the remuneration of Directors are highlighted in the Directors' Remuneration Report on page 34. Staff costs and the average number of persons (including Directors) employed by the Group during the year was:

	Year ended 30 November 2017 £'000	Period ended 30 November 2016 £'000
Staff costs for the Group during the year		
Wages and salaries, including payments on termination	**158,127**	133,106
Social security	**17,087**	13,485
Pension	**2,830**	2,865
	178,044	149,456
Average monthly number of employees		
Total operational	**4,050**	3,108
Total administration	**1,235**	1,152
Total management	**408**	386
Total employees	**5,693**	4,646

Pensions – defined contribution scheme

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

The total expense recognised in the income statement is £2.8m (2016: £2.9m) representing contributions payable at rates specified by the rules of the plan.

Employee head count

At 30 November 2017 the Group employed 5,693 people in the UK and mainland Europe.

The annual percentage increase in headcount is: Operational 30%, Administration 7% and Management 6%. The growth in employees is attributable to the recent business acquisitions during 2017, with like for like head count of Operational 3,071, Administration 1,064 and Management 376.

A summary of directors' remuneration is detailed below:

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Emoluments, bonus and benefits in kind	**846**	221
Pension costs	**62**	13
Long term incentives payable*	**–**	–
Total Directors' remuneration	**908**	234

The aggregate amount of remuneration paid to or receivable by directors of the Company during the financial year (including the current directors and those who resigned at or before the IPO) was £8.1m (2016: £234k), of which the aggregate value of any Company contributions paid or payable to a pension scheme, whether as a cash allowance or otherwise, was £62k (2016: £13k). This figure includes individual cash bonuses paid in conjunction with the IPO that were fully funded by Greenwhitestar Holding Company 1 Limited, the ultimate parent prior to the IPO, from the proceeds of sale of shares placed in the IPO. There was no economic or financial consequence for the Company or any member of the Group in connection with the payment of these individual cash bonuses.

Of this aggregate amount £4,875,000 (2016: £121,000) was attributable to the highest paid director of which an amount was payable as a cash allowance in lieu of a pension contribution.

* None of the directors have received cash under any incentive arrangement in the financial ended 30 November 2017. Awards under the MIP were granted to A Laffey and D Harte in the financial period but no vesting has taken place by reference to this financial year and any future vesting will depend on performance in future financial periods.
For further details of the MIP and the performance conditions please see note 25 of the financial statements. The charge to the Company in connection with the MIP awards is set out in note 25 to the financial statements.

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

8. Employees and Directors continued

Key management compensation (including Executive Directors):

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Emoluments, bonus and benefits in kind	**1,525**	1,113
Pension costs	**144**	110
Long term incentives payable*	**–**	–
Total management compensation	**1,669**	1,223

* Please see note marked(*) on page 69.

The aggregate remuneration paid to or receivable by key management (including the Executive Directors) for the year ended 30 November 2017 was £9.3m (2017:£1.22m) which figure includes the aggregate value of individual cash bonuses received by Directors and members of management in conjunction with the IPO as described earlier in this note 9. These bonuses were fully funded by the ultimate parent prior to the IPO and there was no economic of financial consequence for the Company or any member of the Group in connection with the payment of these cash bonuses.

9. Finance Income and Finance Expense

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Finance income		
Bank interest receivable	**5**	5
Finance expense		
Interest payable on bank loans and overdrafts	**(6,294)**	(9,780)
Amortisation of bank fees	**(1,000)**	(1,679)
Interest payable on loan notes	**(1,716)**	(3,982)
Interest payable on finance leases	**(640)**	(543)
Total finance expense	**(9,650)**	(15,984)
Finance expense: exceptional items		
Residual capitalised bank fees relating to the previous loan	**(6,621)**	–
Costs associated with swap closure	**(1,132)**	–
	(7,753)	–

10. Taxation

Total tax charged in the Income Statement in respect of continuing operations

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Current income tax		
UK Corporation tax – continuing operations	**3,629**	2,888
Overseas corporation tax	**344**	1,277
Adjustments in respect of prior periods	**795**	(1,495)
Total current tax charge	**4,768**	2,670
Deferred taxation credit		
Current tax year	**(111)**	(854)
Adjustments in respect of prior periods	**371**	205
Effect of rate change on opening balance	**2**	(689)
Total charge in the income statement	**5,030**	1,332
Income tax on items charged to Comprehensive Income		
Deferred tax on effective portion of changes in fair value of cash flow hedges	**(340)**	–
Total Income tax charged on items charged to equity	**(340)**	–

10. Taxation continued

The deferred tax credit in the income statement is analysed as follows:

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Accelerated allowances on plant and machinery	**659**	522
Amortisation of intangible assets and associated income	**315**	(2,106)
Other temporary movements	**(712)**	246
Total deferred tax	**262**	(1,338)

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Profit before tax on continuing operations	**9,915**	11,242
Profit before tax on continuing and discontinued operations multiplied by the standard rate of corporation tax in the UK of 19.33% (2016: 20.00%)	**1,917**	2,248
Effects of:		
Post tax profits of Associates	**(142)**	(87)
Expenses/(income) not deductible for tax purposes including profit on disposal	**842**	517
Expenses not deductible – exceptional items	**397**	–
Effect of different tax rates on overseas profits	**115**	2
Impact of change in rate	**–**	148
Non-deductible Intangibles	**735**	–
Deferred tax not recognised from prior year*	**1,035**	(688)
Adjustments in respect of prior periods	**131**	(808)
Total tax expense – continuing operations	**5,030**	1,332

* An adjustment in respect of prior periods was made following an updated view concerning the future tax deductibility of the brand intangible.

A reduction in the UK corporation tax rate from 20% to 19% became effective from 1 April 2017. The rate reduction to 19% with effect from 1 April 2017 has been substantively enacted and therefore the standard rate of corporation tax for the year ended 30 November 2017 was 19.33% (2016: 20.0%). Following a review of the expected maturity profile of the deferred tax liability a rate of 17% has been applied at 30 November 2017 (2016: 17%).

Factors that may affect future tax expenses

The Group has not recognised deferred tax assets in respect of trading losses with a tax value of £0.9m (2016: £1.2m) in the UK and therefore, to the extent that these losses may be used against profits arising in future periods, the effective tax rate on these profits may be reduced. Other than certain items noted in the tax reconciliation above, there are no other significant factors that may affect future tax expenses.

11. Dividends

At the date of approving these financial statements, no final dividend has been approved. However, the Directors have recommended a final dividend in respect of the year ended 30 November 2017 of 4.4p per share (2016: nil) payable on 7 June 2018 to shareholders on the register on 11 May 2018 subject to the approval of the shareholders at the Annual General Meeting to be held on 29 May 2018. The ex-dividend date is 10 May 2018. No provision for dividends payable has been made in the financial statements for this financial year. An interim dividend for the year ended 30 November 2017 was paid on 17 October 2017.

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Interim Dividend for the year ended 30 November 2017 of 1.4p per share (2016: nil)	**5,011**	–

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

12. Earnings Per Share

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

	Year ended 30 November 2017 Millions	Year ended 30 November 2016 Millions
Profit attributed to equity shareholders (£'000)	**3,931**	9,029
Weighted average number of ordinary shares – Basic		
Issued ordinary share at the beginning of the year.	**276,668**	276,668
Net effect of shares issued and purchased during the year.	**50,105**	–
	326,773	276,668
Weighted average number of ordinary shares – Diluted		
Weighted average number of ordinary shares at the end of year (as above)	**324,064**	276,668
Net effect of shares options on issue	**3,062**	–
	327,126	276,668
Basic earnings per share for total operations	**1.2p**	3.3p
Diluted earnings per share for total operations	**1.2p**	3.3p

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

	Year ended 30 November 2017	Year ended 30 November 2016
Underlying earnings per share		
Basic	**9.8p**	7.9p
Diluted	**9.8p**	7.9p
Underlying earnings are determined as follows		
Profit after tax	**3,931**	9,029
Amortisation of acquired intangibles	**11,137**	9,509
Exceptional items	**16,783**	3,288
Adjusted profit before tax	**31,851**	21,826

13. Property, Plant and Equipment

Year ended 30 November 2017	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Commercial vehicles £'000	Assets under construction £'000	Total £'000
Cost at 1 December 2016	19,440	8,940	4,598	14,367	–	47,345
Assets purchased on business acquisition (note 5)	1,144	119	2,463	4,708	–	8,434
Effects of movements in foreign exchange	122	25	34	87	–	268
Additions in the year	12,980	645	2,798	4,384	1,453	22,260
Disposals	(3,256)	(1,550)	(304)	(3,562)	–	(8,672)
At 30 November 2017	**30,430**	**8,179**	**9,589**	**19,984**	**1,453**	**69,635**
Accumulated depreciation at 1 December 2016	1,280	2,031	1,749	4,425	–	9,485
Effects of movements in foreign exchange	83	25	21	49	–	178
Charge for the year	1,418	1,072	1,204	3,103	–	6,797
Disposals	(2,725)	(1,484)	(73)	(2,522)	–	(6,804)
At 30 November 2017	**56**	**1,644**	**2,901**	**5,055**	**–**	**9,656**
Net book value at 30 November 2017	**30,374**	**6,535**	**6,688**	**14,929**	**1,453**	**59,979**

As at 30 November 2017, the balances held in respect of assets held under finance leases and hire purchase agreements are:

Cost	1,687	1,218	1,238	22,585	–	26,728
Aggregate depreciation	(128)	(222)	(107)	(7,142)	–	(7,599)
Net book value at 30 November 2017	**1,559**	**996**	**1,131**	**15,443**	**–**	**19,129**

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

13. Property, Plant and Equipment continued

Year ended 30 November 2016	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Commercial vehicles £'000	Assets under construction £'000	Total £'000
Cost at 1 December 2015	19,696	7,746	2,203	14,592	–	44,237
Effects of movements in foreign exchange	171	(9)	32	243	–	437
Additions in the year	2,946	4,163	2,369	3,073	–	12,551
Disposals	(3,372)	(2,976)	(7)	(3,525)	–	(9,880)
Reclassifications	(1)	16	1	(16)	–	–
At 30 November 2016	19,440	8,940	4,598	14,367	–	47,345
Accumulated depreciation at 1 December 2015	1,593	1,077	1,000	3,780	–	7,450
Charge for the year	1,370	1,464	753	2,538	–	6,125
Disposals	(1,683)	(510)	(4)	(1,893)	–	(4,090)
At 30 November 2016	1,280	2,031	1,749	4,425	–	9,485
Net book value at 30 November 2016	18,160	6,909	2,849	9,942	–	37,860

As at 30 November 2016, the balances held in respect of assets held under finance leases and hire purchase agreements are:

Cost	1,563	1,347	701	12,897	–	16,508
Aggregate depreciation	(73)	(177)	–	(5,321)	–	(5,571)
Net book value at 30 November 2016	1,490	1,170	701	7,576	–	10,937

The value of land not depreciated is £nil (2016: £nil).

14. Goodwill and Intangible Assets

	Goodwill £'000	Software £'000	Brand names £'000	Customer relationships £'000	Franchise Contracts £'000	Total £'000
Cost						
At 1 December 2015	132,133	–	22,300	86,876	–	241,309
Additions in the period	3,391	–	–	–	–	3,391
At 30 November 2016	135,524	–	22,300	86,876	–	244,700
Assets purchased on business acquisition	–	4,346	646	14,324	6,379	25,695
Effects of movements in foreign exchange	–	(1)	–	–	–	(1)
Additions in the period	36,829	771	–	–	–	37,600
At 30 November 2017	**172,353**	**5,116**	**22,946**	**101,200**	**6,379**	**307,994**
Amortisation and impairment						
At 1 December 2015	–	–	6,195	9,653	–	15,848
Amortisation charge for the period	–	–	3,717	5,792	–	9,509
At 30 November 2016	–	–	9,912	15,445	–	25,357
Amortisation charge for the year	–	872	3,734	6,354	177	11,137
At 30 November 2017	**–**	**872**	**13,646**	**21,799**	**177**	**36,494**
Net book value						
At 30 November 2016	135,524	–	12,388	71,431	–	219,343
At 30 November 2017	**172,353**	**4,244**	**9,300**	**79,401**	**6,202**	**271,500**

Details of business combinations made during the year can be found in note 6, along with a description of assets and liabilities acquired and any impact on goodwill and intangibles.

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

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

Franchise contracts have been valued to be in existence for between 10 to 15 years and are amortised in equal instalments over their economic useful life from the date of inception.

14. Goodwill and Intangible Assets continued

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

A summary of the movement and the value of goodwill additions during the year is detailed below.

Value of Goodwill	General Transport £'000	Ports £'000	EU Transport £'000	TLP Holdings £'000	iForce £'000	Speedy Freight £'000	Total £'000
Goodwill at 30 November 2016	125,574	5,559	1,000	3,391	–	–	135,524
Reclassification during the year	5,559	(5,559)	–	–	–	–	–
Additions	1,300	–	–	–	26,287	9,242	36,829
Goodwill at 30 November 2017	**132,433**	**–**	**1,000**	**3,391**	**26,287**	**9,242**	**172,353**

A description of goodwill acquired is provided in note 6. During the year a reclassification of goodwill in the Ports cash generating unit (CGU) to General Transport occurred to reflect the way the business is now being managed. In the initial consideration of whether Ports was a separate CGU in 2014, management factored in the independence of the local leadership team, the self-run fleet, differing work practices and contracts and the non-harmonised financial and operating systems. As part of the strategic transformation of the Group to a customer oriented approach, organisationally structured into sectors, a number of changes have been made which have had a consequential impact on the definition of the Ports CGU. All employee contracts have been changed to Eddie Stobart terms and conditions, assets are now considered to be fully shared, services are provided centrally and full integration from a previously autonomous organisation into one which is run by a Sector Director has been achieved. Management have therefore deemed it appropriate to reclassify the Ports CGU into the General Transport CGU.

Annual test for impairment

For the purpose of impairment testing, goodwill and other intangibles are allocated to business segments the lowest level at which those assets are monitored for internal management purposes. The recoverable amount of each CGU is determined from value-in-use calculations.

The value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management for year one and cash flow projections for years two to five using growth rates that are considered to be in line with the general trends in which each CGU operates, with the exception of iForce and Speedy Freight, with both businesses expected to achieve rapid growth over the following 2-5 years. Terminal cash flows are based on these five year projections, assumed to grow perpetually at 2.5%. In accordance with IAS 36, the growth rates for beyond the forecasted five years do not exceed the long-term average growth rate for the industry. The key assumptions forming inputs to the cash flows are revenues and operating cash flows. Margins have been assumed to remain broadly at existing levels and management remain confident of delivering on these plans. However in the event that this plan is not delivered, there is a future risk of impairment. All forecasts have been discounted at a post-tax discount rate of 8.8% (2016: 12.0%), with the decrease during the year representing the lower cost of debt, a reduced risk free rate and a favourable size premium. No impairment losses have been recognised in the year.

Sensitivity

All of the CGUs are sensitive to the discount rate and projected margins. However, management believes that no reasonable adjustment to the discount rate or projected margins would cause the carrying value of the unit to exceed its recoverable amount.

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

15. Investments in Equity Accounted Investees

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Interests in joint ventures		
Balance at 30 November	**939**	419
Foreign exchange movement	**20**	92
Post-tax share of profits	**733**	428
Dividends received from Group companies	**(416)**	–
At 30 November	**1,276**	939
Represented by		
Property, plant and equipment	**54**	46
Current assets	**2,378**	1,994
Current liabilities	**(1,152)**	(1,101)
Non-current liabilities	**(4)**	–
Share of net assets	**1,276**	939

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

During the financial year, the Group received dividends of £416,000 (2016: £nil).

16. Inventories

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Fuel and lubricants	**2,064**	2,039
Consumable supplies	**332**	318
Total	**2,396**	2,357

Inventories represent the value of fuel, lubricants and consumable supplies as at 30 November 2017. There is no impairment provision in respect of inventories. Purchases of these goods during the year are charged directly to the consolidated Income Statement and as such the value of inventories expensed or credited to the Consolidated Income Statement during the year represents the difference between the opening and closing balances.

17. Trade and Other Receivables

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Trade receivables	**99,365**	89,228
Less provision for impairment of trade receivables	**(132)**	(68)
Trade receivables – net	**99,233**	89,160
Other receivables and prepayments	**49,746**	44,656
	148,979	133,816

The ageing of trade receivables and associated provision for impairment is detailed below:

	2017		2016	
	Trade receivables £'000	Provision for impairment £'000	Trade receivables £'000	Provision for impairment £'000
Current	**67,872**	**–**	67,918	–
Overdue less than 1 month	**23,583**	**–**	18,377	–
Overdue 1 – 2 months	**5,534**	**–**	1,895	–
Overdue more than 2 months	**2,376**	**(132)**	1,038	(68)
	99,365	**(132)**	89,228	(68)

18. Cash and Cash Equivalents

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Cash at bank and in hand	**11,936**	14,083

19. Trade and Other Payables (Current)

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Trade payables	**67,513**	57,774
Tax and social security	**11,470**	7,010
Other payables, accruals and deferred income	**44,724**	44,763
Interest rate swap	**–**	1,034
Other financial liability	**4,511**	–
	128,218	110,581

The other financial liability includes the fair value of the put and call options in relation to subsidiary undertakings and contingent consideration in relation to acquisitions (see note 6).

20. Trade and Other Payables (Non-current)

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Employee benefits	**144**	43
Deferred lease liability	**6,655**	11,140
Deferred income	**1,914**	3,348
Other financial liability (note 19)	**10,109**	–
Interest rate swap	**–**	968
	18,822	15,499

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

21. Financial Assets and Liabilities

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Current		
Fixed rate		
Finance lease and hire purchase obligations	**4,583**	4,360
Bank loans	**590**	571
Variable rate		
Bank loans	**2,594**	1,281
	7,767	6,212
Non-current		
Fixed rate		
Bank loans fixed by virtue of interest rate swap	**–**	95,425
Bank loans	**2,978**	1,794
Loan notes, including interest	**–**	32,346
Finance lease and hire purchase obligations	**13,233**	7,527
	16,211	137,092
Variable rate		
Bank loans	**97,455**	36,283
	113,666	173,375
Total loans and borrowings	**121,433**	179,587
Cash	**(11,936)**	(14,083)
Net debt	**109,497**	165,504

Finance facilities

Loan notes

On 27 April 2017 the loan notes of £33.9m (30 November 2016: £32.3m) were repaid to Greenwhitestar Holding Company 2.

Borrowing facilities

On 13 April 2017, the Group signed a senior facility agreement with a new syndicate of lenders, providing a finance facility of £100.0m with associated fees of £2.7m. The facility which is secured on shares in the subsidiaries of the Group, and is subject to a variable rate of interest and certain conditions, is repayable in full in April 2022. On 25 April 2017, the Group drew down the full finance facility of £100.0m and repaid the previous finance facility of £139.0m. The residual capitalised bank fees associated with the previous facility of £6.6m were taken directly to the Income Statement and have been classified as an exceptional item.

Included in the analysis above are financing fees of £2.7m on the new facility at 30 November 2017 (30 November 2016: £7.3m), which have been netted against the principal term loans outstanding. During the period refinancing fees of £1.0m (30 November 2016: £1.7m) were amortised through the Consolidated Income Statement.

In the UK, the Group has access to a revolving invoice discounting finance facility of up to £75.0m (31 May 2016: £50.0m) though normally restricted to £65.0m (31 May 2016: £40.0m), which is dependent upon and secured against assets within the Group. The facility is subject to a variable rate of interest and is in place until 2021.

The Group has finance facilities in Belgium which are secured against assets in that region and comprise an overdraft of €1.5m, subject to a variable rate of interest and available over seven years to 2021, and a loan of €3.0m, subject to a fixed rate of interest and repayable in equal quarterly instalments to 2021. During the year a new facility of €1.5m has been agreed at a fixed rate of interest and repayable in equal quarterly instalments to 2021. The facilities are secured against specific assets in the Group.

21. Financial Assets and Liabilities continued

Maturity profile of financial liabilities

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

Maturity profile at 30 November 2017	Due within 1 year £'000	Between 1 and 5 years £'000	Due after 5 years £'000	Total £'000
Financial liabilities				
Bank loans and interest	**3,184**	**100,433**	**–**	**103,617**
Trade payables	**67,513**	**–**	**–**	**67,513**
Finance lease and hire purchase obligations	**4,583**	**11,974**	**1,259**	**17,816**
Other financial liability	**4,511**	**10,109**	**–**	**14,620**
	79,791	**122,516**	**1,259**	**203,566**

Maturity profile at 30 November 2016	Due within 1 year £'000	Between 1 and 5 years £'000	Due after 5 years £'000	Total £'000
Financial liabilities				
Bank loans and interest	13,859	171,409	56,949	242,217
Interest rate swaps	1,034	969	–	2,003
Trade payables	57,774	–	–	57,774
Finance lease and hire purchase obligations	4,569	7,818	52	12,439
	77,236	180,196	57,001	314,433

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

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

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Within one year	**5,008**	4,569
Between one and five years	**13,086**	7,818
After five years	**1,383**	52
	19,477	12,439
Future finance charges on finance leases	**(1,661)**	(552)
Present value of finance lease liabilities	**17,816**	11,887

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

Financial risks and capital management

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

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

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

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

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

(i) Funding and liquidity risk

The Group finances its operations by a combination of equity, bank loans, leases, working capital and retained profits. The Group undertakes short-term cash forecasting to monitor its expected cash flows against its cash availability and finance facilities. The Group also undertakes longer-term cash forecasting to monitor its expected funding requirements in order to meet its current business plan, in the context of its existing

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

21. Financial Assets and Liabilities continued

facilities and to identify any requirement for future funding facilities. The Group monitors its current and forecast financial performance against its banking covenants to ensure that it remains compliant with their requirements. The Group also maintains an active dialogue with a wide range of finance providers in order to ensure that it is aware of all possible sources of finance when it is assessing the availability and cost of providing for the funding requirements in the current business plan.

ii) Credit risk

The Group's principal exposure to credit risk is in its trade receivables arising from credit sales. A large proportion of the Group's trade receivables are covered by insurance, with £42.5m covered at 30 November 2017 (2016: £34.7m). In accordance with this insurance policy and also carried out as Group policy in other uninsured credit sales, the Group carries out procedures to assess the credit risk of new customers before entering into new contracts, sets credit limits accordingly and monitors outstanding receivables balances in accordance with these. The Board places significant emphasis on credit control and any changes in debtor payment profiles are identified and acted upon. The age profile of outstanding trade debtors as at 30 November 2017 is shown in note 17, together with associated provisions against recoverability, which gives an indication of the level of credit risk to which the Group is exposed.

(iii) Interest rate cash flow risk

Some of the Group's borrowings are issued at variable rates that expose the Group to interest rate cash flow risk. The Group's exposure to floating rate interest is modelled in its budgets and forecasts. The Group's principal strategy is to manage its treasury position to reduce borrowing requirements and therefore its exposure to interest cost. As such, the current exposure to volatility in interest rates is limited and the Group estimates that a rise of 0.5% in interest rates would have reduced pre-tax profits by approximately £607,000 for the year ended 30 November 2017 (2016: £180,000 pre-tax profits).

(iv) Foreign exchange risk

The Company's functional currency is Pound Sterling. The Group operates internationally and is exposed to foreign exchange risk, primarily with respect to the Euro. Due to the significant degree of natural hedging arising from purchases and receipts in Euros, which largely mitigates the transactional and financial reporting foreign exchange risk, the Board does not currently seek to hedge its exposure to foreign exchange risk. The Group estimates that a 5% weakening of the Euro from the year end exchange rate would decrease net assets by approximately £596,000 (2016: £1,220,000 decrease in net assets).

Capital management

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

Fair value of financial assets and liabilities

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

		2017		2016	
Classification	Valuation method	**Book value £'000**	**Fair value £'000**	Book value £'000	Fair Value £'000
Financial assets					
Cash	Level 1	**11,936**	**11,936**	14,083	14,083
Trade receivables	Level 2	**99,233**	**99,233**	89,160	89,160
Amounts owed by associates and joint ventures	Level 2	**–**	**–**	–	–
Financial liabilities					
Trade payables	Level 2	**67,513**	**67,513**	57,774	57,774
Bank loans	Level 2	**103,617**	**103,617**	167,700	167,700
Interest rate swap	Level 2	**–**	**–**	2,003	2,003
Finance lease and hire purchase obligations	Level 2	**17,816**	**17,816**	12,439	12,439
Other financial liability	Level 3	**14,620**	**14,620**	–	–

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

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

Interest rate swap

On 10 July 2017 the Group entered into an interest rate swap with the Bank of Ireland Global Markets for a value of £60m with a floating rate option of GBP LIBOR, the effective date of the contract is 25 April 2018 and terminates on 22 April 2022. The contract is repayable in quarterly instalments on 25th day of April, July, October and January of each year for the contract duration. The fixed rate interest on the swap contract is 0.963% per annum.

22. Provisions

	Lease remediation £'000	Employee claims £'000	Total £'000
Balance at 30 November 2015	1,212	2,826	4,038
Provisions made	509	–	509
Provisions utilised	(391)	(824)	(1,215)
Provisions released	(400)	(719)	(1,119)
Movement in foreign currency translation	69	–	69
Total	(213)	(1,543)	(1,756)
Balance at 30 November 2016	999	1,283	2,282
Provisions made	1,884	540	2,424
Provisions utilised	(312)	(976)	(1,288)
Movement in foreign currency translation	16	–	16
Total	1,588	(436)	1,152
Balance at 30 November 2017	**2,587**	**847**	**3,434**

Analysis of total provisions:	**2017 £'000**	2016 £'000
Current	**3,434**	1,259
Non-current	**–**	1,023
	3,434	2,282

Lease remediation

A provision is held across the Group property portfolio for future dilapidation costs and site restoration.

Employee claims

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

23. Deferred Tax

Deferred tax is calculated in full on temporary differences using the liability method, and predominantly relates to UK balances, using a tax rate of 17% (2016: 17%).

	2017 £'000	2016 £'000
Deferred tax brought forward	**(10,526)**	(11,793)
Adjustment in respect of prior years	**663**	–
Transfer to the Consolidated Income Statement	**(924)**	1,338
Deferred tax on items recognised directly in equity	**(341)**	(71)
Acquisition of business	**2,127**	–
Deferred taxation	**(9,001)**	(10,526)

Deferred tax assets have been recognised in respect of pension deficits, the fair value of financial instruments, accelerated capital allowances and other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

	At 30 November 2017 £'000	(Charged) /Credited to the Consolidated Income Statement £'000	(Charged)/ Credited Direct to Equity £'000	Acquired with Business Combinations £'000	Adjustment in respect of prior years £'000
Tax effects of temporary differences due to:					
Intangible assets	**(14,096)**	84	–	(3,072)	–
Accelerated capital allowances	**(589)**	(588)	–	(327)	–
Revaluations	**(292)**	–	–	–	–
Deferred tax liability	**(14,977)**	**(504)**	**–**	**(3,399)**	**–**
Losses	**5,413**	(426)	–	5,716	26
Hedging instruments	**–**	–	(340)	–	–
Other temporary differences	**563**	4	(1)	(190)	637
Deferred tax asset	**5,976**	**(422)**	**(341)**	**5,526**	**663**
	(9,001)	**(926)**	**(341)**	**2,127**	**663**

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

23. Deferred Tax continued

	At 30 November 2016 £'000	(Charged) /Credited to the Consolidated Income Statement £'000	(Charged)/ Credited Direct to Equity £'000
Tax effects of temporary differences due to:			
Intangible assets	(11,108)	2,107	–
Revaluations	(292)	17	–
Deferred tax liability	(11,400)	2,124	–
Accelerated capital allowances	370	(522)	–
Losses	122	122	–
Hedging instruments	341	–	(71)
Other temporary differences	41	(386)	–
Deferred tax asset	874	(786)	(71)
	(10,526)	1,338	(71)

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

	2017 £'000	2016 £'000
Trading losses	**–**	4
Non-trading losses	**898**	904
Capital losses	**1,546**	2,253
Total losses	**2,444**	3,161

24. Capital and Reserves

Share capital and share premium

Ordinary share capital of 1p each (2016: £1)	2017 Number of shares ('000)	2017 £'000	2016 Number of Shares ('000)	2016 £'000
Outstanding at the beginning of the year	**70,300**	**703**	703	703
Issued during the year			–	–
– IPO share premium	**76,250**	**762**	–	–
– Business acquisitions merger reserve	**5,000**	**50**	–	–
Bonus issue	**206,368**	**2,064**	–	–
Outstanding at the end of the year	**357,918**	**3,579**	703	703

Share premium and merger reserve	2017 £'000	2016 £'000
Outstanding at the beginning of the year	**64,647**	64,647
Issued during the year		
– IPO	**117,257**	–
– Business acquisitions – merger reserve	**7,950**	–
Cancellation of share premium	**(64,647)**	–
Outstanding at the end of the year	**125,207**	64,647

Ordinary share capital, share premium and merger reserve

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

On 25 April 2017 the Company placed 76.25m ordinary 1p shares with an attached merger reserve of 159p per share (the total listing price being 160p per share) on AIM.

The Company also issued 5m Ordinary 1p Shares, with an attached share premium of 159p per share total value (160p per share) to the shareholders of iForce Group for their interests in the business (note 6).

Own shares

Included in the total number of ordinary shares outstanding above are 1,690,000 (2016: Nil) Ordinary Shares held by the Group's employee benefit trust. The Ordinary Shares held by the trustee of the Group's employee benefit trust pursuant to the SIP are treated as Own shares in the Consolidated and Company's Balance Sheet in accordance with IAS 32.

Nature and purpose of reserves

i. Translation reserve – represents the gains and losses arising on retranslating the net assets of overseas operations into Sterling. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

ii. Own share reserve – This reserve arose when the Group issued equity share capital under its Share Incentive Plan (SIP) which is held in trust by the trustee of the Group's benefit trust. If these shares are forfeited throughout the vesting period for leavers or other reasons, they will continue to be owned by the trust and continue to be presented within Own Share in the Group financial statements.

iii. Share option reserves – consist of provisions made during the financial year relating to Long-Term Incentive and Management Incentive Plans for future liabilities relating to management and employee share based incentive schemes payments, further details are disclosed in note 25.

iv. Hedge reserve – the hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows and was closed out during the process of agreeing a new senior facility with the agreement of the syndicate. The movement in the Consolidated Statement of Comprehensive Income was £1,546k (2016: £285k).

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as at 30 November 2017

25. Share-based Payments

As at 30 November 2017, the Company operated the following share award plans:

- Long-Term Incentive Plan
- Management Incentive Plan
- Share Incentive Plan

There were no exercisable options under the above schemes as at 30 November 2017 (2016: nil).

Long-term incentive plan (LTIP)

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

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

The fair value of options granted during the period was determined on a Log-normal Monte-Carlo Stochastic model. Using an initial price, a simulation of a large number of share paths was undertaken that followed the geometric Brownian motion that calculated a valuation for each path, that was then averaged to obtain an overall valuation for two key outputs:

- The simulated share price at the vesting date
- The intrinsic value of the LTIP shares

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

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

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

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

Number of shares under option granted – 707,000

Fair Value as calculated per option – 94.9 pence

Total value of options – £670,943

The vesting period charge in the financial statements is as follows:

	Value of options granted Total £'000	Value of options expired Total £'000	Total £'000	Future obligations: Greater than 12 months £'000	Future obligations: Year ended 2018 £'000	**Year ended 2017 £'000**
Fair value charge of LTIP scheme	671	(335)	336	180	107	**49**

Management incentive plan (MIP)

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

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

25. Share-based Payments continued

Performance conditions

The value of the MIP Shares on the Exercise Date, in aggregate, will be 8% of the increase in the Company's share price above a share price hurdle multiplied by the number of issued share capital at the date of Admission. The share price will be based on the 90 day average price of the Company's ordinary shares.

The hurdle is set at a premium of 10% above the placing price of a share in the Company on Admission and the hurdle will increase on a compound basis by 10% per annum for the three years from the date the MIP Shares were issued. Based on the above, the hurdle at the date of Admission is equivalent to a market capitalisation of £762m provided no new share issues take place. If for example the market capitalisation on the Exercise Date was valued at £862m, the increase in shareholder value above the hurdle of £762m is £100m and it is this figure that is attributable to the 8% MIP value of management shares, i.e. £8m.

The fair value of MIP Shares valuations was determined on a Log-normal Monte-Carlo Stochastic model, using an initial price, a simulation of a large number of share paths was undertaken that followed the geometric Brownian motion which calculated a valuation for each path, that was then averaged to obtain an overall valuation using similar type of companies operating in the same sector as the Company as a benchmark group to evaluate the comparative market capitalisation performance condition.

This simulation was performed over a large number of share paths and the valuation provided three key outputs:

- The simulated share price at the Exercise Date
- The 90 day average share price at the Exercise Date
- The intrinsic value of the MIP Shares

The MIP scheme may be settled in cash or shares at the discretion of the company and IFRS 2 states that there is present obligation to settle in cash if;

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

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

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

		Future obligations		
	Total	Greater than 12 months	Year ended 2018	**Year ended 2017**
	£'000	£'000	£'000	**£'000**
Fair value charge of MIP scheme	3,089	1,442	1,029	**618**

Share incentive plan (SIP)

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

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

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

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

		Future obligations		
	Total	Greater than 12 months	Year ended 2018	**Year ended 2017**
	£'000	£'000	£'000	**£'000**
Fair value charge of Employee Benefit Trust SIP Scheme	2,700	1,387	900	**413**

Notes to the Consolidated Financial Statements continued
for the year ended 30 November 2017

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

	2017		2016	
	Plant and equipment £'000	Land and buildings £'000	Plant and equipment £'000	Land and buildings £'000
Within one year	**38,837**	**34,444**	39,644	28,155
Between one and five years	**62,955**	**120,696**	52,654	93,794
Due after five years	**9,736**	**311,987**	10,128	237,790
	111,528	**467,127**	102,426	359,739

27. Related Party Disclosures and Ultimate Parent Undertaking
During the year the Company and/or its subsidiaries entered into commercial transactions with related parties as shown in the table below.

2017 Related Party Disclosures	Description of related party	Sales to related party £'000	Purchases from related party £'000	Balance owed by related party £'000	Balance owed to related party £'000
Stobart Group Limited and Subsidiaries	a	1,369	(1,645)	–	–
AstSigns Limited	b	31	(150)	–	–
Oakfield Manor Estates Limited	b	8	–	–	–
WS Transportation Limited	b	741	(1,527)	–	–
DBAY Advisors Limited	c	–	(576)	–	–
Greenwhitestar Holding Company 1 Ltd	d	2,703	(2,845)	–	–
Greenwhitestar Holding Company 2 Ltd	e	–	–	–	–
Directors' loans	f	–	–	475	–
IPS at Eddie Stobart Ltd	g	1,535	–	187	–

On 25 April 2017 Eddie Stobart Logistics plc was listed on the Alternative Investment Market (AIM) of the London Stock Exchange. As a consequence the Company has a new board of directors and a change in the shareholder base occurred. In view of this change, management have re-evaluated the nature of existing relationships and noted that some have ceased to be related parties. These changes are outlined specifically below. The period during which transactions could have been affected by the existence of a related party relationship has been fully disclosed in the interim financial statements for the period to 31 May 2017 that covered the period from 1 December 2016 to 25 April 2017.

a. Stobart Group Limited and its subsidiary undertakings prior to 25 April 2017 Stobart Group Limited owned 49% of the share capital of Greenwhitestar Holding Company Limited, the Company's ultimate parent undertaking. During the year, the Group made purchases of property rents and transport services and provided haulage services to Stobart Group Limited in the normal course of business. As of 25 April 2017 the Stobart Group limited is no longer a related party as a consequence of its reduced shareholding.

b. W Stobart was a director of the Company until his resignation on 4 April 2017. Related party transactions up to 4 April 2017 have been disclosed for;
   i. Purchases relating to its provision of branded products and vehicle advertising from AstSigns Limited
   ii. Haulage services provided to Oakfield Manor Estates Limited and WS Transportation Limited
   iii. Purchases of haulage services from WS Transportation Limited

   W Stobart is a director, or controlling shareholder, of each of these companies.

c. DBAY Advisors Limited, incorporated in the Isle of Man, was prior to 25 April 2017 deemed to be the controlling party of Greenwhitestar Holding Company 1 Limited and Advisors to the fund manager of DouglasBay Capital Fund II LP, which was beneficially interested in the Company. In the lead up to the stock market flotation the Group made purchases in respect of management services provided by DBAY Advisors Limited. As of 25 April 2017 onwards, DBAY Advisors Limited are no longer a related party as a consequence of their reduced interest in the Company.

d. Greenwhitestar Holding Company 1 Limited (GWHC1) is the immediate parent company of GWHC2 defined holders and charged management fees for services rendered up to 25 April 2017. As of 25 April 2017 onwards, GWHC1 is no longer a related party as a consequence of their reduced interest in the Company.

e. Greenwhitestar Holding Company 2 Limited (GWHC2) was the Company's immediate parent company until 25 April 2017. As of 25 April 2017 onwards, GWHC2 is no longer a related party as a consequence of their reduced interest in the Company.

f. In February 2015, two directors of a subsidiary company were loaned an interest free aggregate amount of £475,000, repayable in full as at February 2022.

g. IPS at Eddie Stobart Limited is a joint venture participation. IPS at Eddie Stobart Limited provides logistics and management services.

27. Related Party Disclosures and Ultimate Parent Undertaking continued

2016 Related Party Disclosures	Description of related party	Sales to related party £'000	Purchases from related party £'000	Balance owed by related party £'000	Balance owed to related party £'000
Stobart Group Limited and Subsidiaries	a	1,287	(4,097)	183	(174)
AstSigns Limited	b	31	(302)	31	(30)
Oakfield Manor Estates Limited	b	18	–	1	–
WS Transportation Limited	b	1,241	(1,837)	505	(208)
DBAY Advisors Limited	c	–	(1,233)	–	(270)
Greenwhitestar Holding Company 1 Limited	d	–	(500)	–	(157)
Greenwhitestar Holding Company 2 Limited	e	3,481	–	–	(32,395)
Directors' loans	f	–	–	475	–
IPS at Eddie Stobart Ltd	g	1,279	–	169	–

28. Contingent Liabilities

There is an unlimited bank cross guarantee arrangement between the Company and its fellow subsidiary undertakings. The maximum potential liability at 30 November 2017 was £100m (2016: £139m).

29. Capital Commitments

At 30 November 2017, the Group had commitments of £0.1m (2016: £3.2m).

30. Subsequent Events

There were no events after the reporting period that are material for disclosure in the financial statements.

Company Statement of Financial Position
as at 30 November 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Investments	4	**65,300**	65,300
Amounts owed by Group undertakings	5	**122,303**	32,395
		187,603	97,695
Current assets			
Amounts owed by Group undertakings	5	**–**	50
Other receivables		**136**	–
Cash		**25**	–
		161	50
Current liabilities			
Amounts owed to Group undertakings	6	**(2,006)**	–
Other creditors		**(47)**	(41)
		(2,053)	(41)
Non-current liabilities			
Amounts owed to Group undertakings	7	**–**	(32,416)
		–	(32,416)
Net assets		**185,711**	65,288
Capital and reserves			
Share capital		**3,579**	703
Share premium		**117,257**	64,647
Merger reserve		**7,950**	–
Share options reserve		**1,079**	–
Treasury shares		**(2,700)**	–
Retained earnings		**58,546**	(62)
Total shareholders' funds	8	**185,711**	65,288

This Statement of Financial Position should be read in conjunction with the notes to the Company Statement of Financial Position on pages 90 to 94 and the notes to the Consolidated Financial Statements on pages 50 to 87.

The Company Financial Statements on pages 88 to 94 were approved by the Board of Directors on 10 April 2018 and were signed on its behalf by:

Damien Harte
Chief Financial Officer

Company number 08922456

Company Statement of Changes in Equity
for the year ended 30 November 2017

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share options reserve £'000	Own shares £'000	Retained earnings £'000	Total £'000
Balance at 1 December 2016	703	64,647	–	–	–	(62)	65,288
Loss for the year	–	–	–	–	–	(1,664)	(1,664)
Cancellation of share premium	–	(64,647)	–	–	–	64,647	–
Issue of capital (net of costs)	2,876	117,257	7,950	–	–	(2,064)	126,019
Share based payments	–	–	–	1,079	(2,700)	2,700	1,079
	3,579	117,257	7,950	1,079	(2,700)	63,557	190,722
Changes in ownership interests in subsidiaries							
Dividends paid	–	–	–	–	–	**(5,011)**	**(5,011)**
Total contributions by and distributions to owners of the Company	–	–	–	–	–	**(5,011)**	**(5,011)**
Balance at 30 November 2017	**3,579**	**117,257**	**7,950**	**1,079**	**(2,700)**	**58,546**	**185,711**

	Share capital £'000	Share premium £'000	Share options reserve £'000	Own shares £'000	Retained earnings £'000	Total £'000
Balance at 1 December 2015	703	64,647	–	–	(89)	65,261
Loss for the year	–	–	–	–	27	27
Balance at 30 November 2016	703	64,647	–	–	(62)	65,288

The accompanying notes form part of the financial statements.

Notes to the Company Financial Statements
for the year ended 30 November 2017

1. Basis of Accounting
Eddie Stobart Logistics Plc is a public limited company incorporated in England. The results of the Company are included in the consolidated accounts of Eddie Stobart Logistics Plc which are available from Stretton Green Distribution Park, Langford Way, Appleton, Warrington, Cheshire WA4 4TQ, United Kingdom. These financial statements present information about the Company as an individual undertaking and not about its Group. The separate financial statements of the Company are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101) and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes adjustments where necessary in order to comply with Companies Act 2006.

In April 2017, the Company listed on the Alternative Investment Market (AIM) and adopted International Reporting Standards (IFRS) for Group Reporting. The Company has made the transition from IFRS and adopted UK Financial Reporting Standard (FRS) 101 Reduced Disclosure Standard as the basis for company reporting in these financial statements. There is no requirement to restate the Financial Statements for the adoption of FRS101 from IFRS for company reporting. The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Company cash flow statement and related notes
- Disclosure in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management
- The effects of new but not effective IFRS's
- Disclosure in respect of the compensation of key management personnel

As the Consolidated Financial Statements of Eddie Stobart Logistics Plc include equivalent disclosures, the Company has taken exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair value measurement
- Disclosures required by IFRS 7 Financial instrument disclosures
- Share based payments – IFRS 2 is being applied to equity instruments

The accounts are presented in Sterling rounded to the nearest thousand.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

2. Significant Accounting Policies
The accounting policies adopted by the Company are consistent with those used in the Group's Consolidated Financial Statements as set out on pages 50 to 57, except for the following items which are only relevant for the Company as a stand alone entity.

Judgements and key sources of estimation
The preparation of accounts in accordance with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The principal judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year, are discussed below:

- IAS 36 'Impairment of assets'. In testing for impairment of investments in, and amounts due from, subsidiary undertakings, the Directors have made certain assumptions concerning the future development of its subsidiary businesses that are consistent with their annual budgets and forecasts into perpetuity. Should these assumptions regarding the discount rate or growth in the profitability be unfounded then it is possible that investments in, or amounts due, from subsidiary under-takings included in the balance sheet could be impaired.
- IFRS 2 'Share-based payments'. The Company has issued equity settled share-based payments to certain employees in exchange for services rendered by them. The fair value is measured using an option valuation model at the date of grant and is recognised as an employee expense over the period in which the employees become unconditionally entitled to the options, with a corresponding increase in equity. This valuation is based on estimates of the number of options that will eventually vest, based on related service and non-market vesting conditions that are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

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 and in any of the future periods affected.

Investments and amounts owed by Group undertakings
The Company's investments in shares in Group companies and amounts owed by Group companies are stated at cost less provision for impairment.

Cash and cash equivalents
In the Statement of Financial Position, cash includes cash and cash equivalents excluding bank overdrafts.

3. Employees and Directors

Directors' remuneration is shown in the Directors' Remuneration Report on pages 34 and 35. The Company has no direct employees. The Directors of the Company do not believe it is practicable to apportion the remuneration of the directors between services as directors of the Company and services as directors of Group subsidiaries.

4. Investments in Subsidiary Undertakings

In accordance with section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation and the effective percentage of equity owned, as at 30 November 2017 is disclosed below:

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Cost and net book value		
At 30 November	**65,300**	65,300

Company name	Business activity	Proportion of ordinary share capital held: Directly	Proportion of ordinary share capital held: Indirectly	Country of incorporation
Subsidiary undertakings: Registered office				
Stretton Green Distribution Park, Langford Way, Appleton, Warrington, WA4 4TQ				
Greenwhitestar Acquisitions Limited	Holding company	100%		England
Stobart Transport and Distribution Limited	Holding company		100%	England
Eddie Stobart Group Limited	Holding company		100%	England
AHL Anglia Limited (formerly Autologic Holdings Limited)	Holding company		100%	England
AIL Anglia Limited	Holding company		100%	England
iForce Group Limited	Holding company		100%	England
TLP Holdings Limited	Holding company		100%	England
Eddie Stobart Limited	Contract logistics		100%	England
Stobart Truckstops Limited	Logistics support		100%	England
O'Connor Container Transport Limited	Contract logistics		100%	England
O'Connor Container Storage Limited	Contract logistics		100%	England
Westlink Storage & Shipping Company Limited	Warehouse logistics		100%	England
iForce Auctions Limited	Contract logistics		100%	England
iForce Limited	Contract logistics		100%	England
iForce Trading Limited	Contract logistics		100%	England
Stobart Rail Freight Limited	Dormant		100%	England
Autoteq Limited	Dormant		100%	England
Acumen Distribution Service Holdings Limited	Dormant		100%	England
Autologic Services Limited	Dormant		100%	England
Buyforce Limited	Dormant		100%	England
iForce Holdings Limited	Dormant		100%	England
Subsidiary undertakings: Registered office				
Puro House, Unit 2 The Pavilions, Cranford Drive, Knutsford Business Park, Knutsford, Cheshire, WA16 8ZR				
Puro Ventures Limited *	Contract logistics		50% *	England
Subsidiary undertakings: Registered office				
Headlands House 1 Kings Court Kettering Parkway, Kettering, Northamptonshire, NN15 6WJ				
The Logistic People Limited	Recruitment services		100%	England
Subsidiary undertakings: Registered office				
Old Bank Chambers La Grande Rue, St Martin's, GY4 6RT				
ESLL Group Limited (formally Eddie Stobart Logistics Limited)	Holding company		100%	Guernsey
Subsidiary undertakings: Registered office				
Bond Drive Extension, Dublin Port, Dublin 3				
Eddie Stobart (Ireland) Limited	Contract logistics		100%	Ireland
Eddie Stobart (Ireland) Drivers Services Ltd	Contract logistics		100%	Ireland

Notes to the Company Financial Statements continued
for the year ended 30 November 2017

4. Investments in Subsidiary Undertakings continued

Subsidiary undertakings: Registered office
Hazeldonk 6049, 4836 LA Breda, The Netherlands

Eddie Stobart Europe Holding BV (formally Autologic Benelux B.V.)	Holding company		100%	The Netherlands
Stobart Automotive NL BV (formally Walon BV)	Contract logistics		100%	The Netherlands

Company name	Business activity	Proportion of ordinary share capital held		Country of incorporation
		Directly	Indirectly	
Subsidiary undertakings: Registered office **Eikelaarstraat 28, 3600 Genk, Belgium**				
Eddie Stobart Logistics Europe NV	Contract logistics		100%	Belgium
Stobart Automotive Belgium NV	Contract logistics		100%	Belgium
Stobart Automotive Europe NV	Contract logistics		100%	Belgium
Automotive Plant Releasing Services NV	Dormant		100%	Belgium
Subsidiary undertakings: Registered office **Velika & Georgi Chenchevi Street 3, 5400 Sevlievo, Bulgaria**				
Eddie Stobart Logistics Bulgaria OEED	Contract logistics		100%	Bulgaria
Subsidiary undertakings: Registered office **ul. Krakow Suburb 47/51, 00-071 Warsaw, Poland**				
Walon Poland SP zo.o.	Dormant		100%	Poland
Subsidiary undertakings: Registered office **U Stavoservisu 692/1b, 108 00 Praha 10, Czech Republic**				
Stobart Automotive CZ s.r.o.	Contract logistics		100%	Czech Republic
Subsidiary undertakings: Registered office **Bucuresti Street (DJ 601) no. 51, 077055 Ciorogarla – Ilfov, Romania**				
Eddie Stobart Logistic Romania SRL	Contract logistics		100%	Romania
Joint Ventures: Registered office				
IPS at Eddie Stobart Limited, C/O Culina Group Limited, Shrewsbury Road, Market Drayton, TF9 3SQ	Contract logistics		50%	England
European Holding Group NV Prinsenweg 2, B-3700 Tongeren, Belgium	Holding company		50%	Belgium
Transport Service & Logistics GMBH Hauptstraße 96, D-82467 Garmisch-Partenkirchen, Germany	Contract logistics		50%	Germany
TSK Transport Service & Logistics GMBH Hauptstraße 96, D-82467 Garmisch-Partenkirchen, Germany	Contract logistics		49.85%	Germany
Transport Service & Releasing Iberia S.L. Paseio de la Calderona, 28850 Ciempozuelos, Spain	Contract logistics		33%	Spain

* The Group has effective control over the operating activities of Puro Ventures Limited, a franchise delivery model business incorporated in England and therefore consolidates Puro Ventures Limited in its financial statements in accordance with IFRS 10 "Consolidated Financial Statements. See Note 6b of the Group financial statements for more information on Puro Ventures Limited.

5. Receivables

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Amounts falling due within one year:		
Amounts owed by Group undertakings	–	50
Amounts falling due in more than one year:		
Amounts owed by Group undertakings	**122,303**	32,395

The Company has amounts due from Group undertakings which are repayable on demand. Repayment is not anticipated within the year ending 30 November 2018.

6. Trade and Other Payables (Current)

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Amounts falling due within one year:		
Amounts owed to Group undertakings	**2,006**	–
	2,006	–

7. Trade and Other Payables (Non-Current)

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Eurobond Loan	–	22,759
Accrual for interest on Eurobond loan	–	9,657
	–	32,416

The Eurobond Loan was repaid as part of the refinancing activity during the year.

8. Reconciliation of Movement in Shareholder's Funds

	Year ended 30 November 2017 £'000	Year ended 30 November 2016 £'000
Opening shareholder's funds	**65,288**	65,261
New Share issue	**812**	–
Share premium on issue (net of share issue costs)	**117,257**	–
Merger reserve	**7,950**	–
Share incentive provision	**1,079**	–
Share based payments	**2,700**	–
Treasury reserve	**(2,700)**	–
Dividends paid	**(5,011)**	–
Profit and loss	**(1,664)**	27
Total shareholder's funds	**185,711**	65,288

As permitted by Section 408(4) of the Companies Act 2006, the Parent Company's Income Statement has not been included in these Financial Statements. The Parent Company's loss after tax for the financial year was £1,664,000 (2016: £27,000).

Ordinary share capital, share premium and merger reserve

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

On 25 April 2017 the Company placed 76.25m ordinary 1p shares with an attached merger reserve of 159p per share (the total listing price being 160p per share) on AIM.

The Company also issued 5m Ordinary 1p Shares, with an attached share premium of 159p per share total value (160p per share) to the shareholders of iForce Group for their interests in the business (note 6).

Notes to the Company Financial Statements continued
for the year ended 30 November 2017

Own shares
Included in the total number of ordinary shares outstanding above are 1,690,000 (2016: Nil) Ordinary Shares held by the Group's employee benefit trust. The Ordinary Shares held by the trustee of the Group's employee benefit trust pursuant to the SIP are treated as Own shares in the Consolidated and Company's Balance Sheet in accordance with IAS 32.

Own share reserve
This reserve arose when the Group issued equity share capital under its Share Incentive Plan (SIP) which is held in trust by the trustee of the Group's benefit trust. If these shares are forfeited throughout the vesting period for leavers or other reasons, they will continue to be owned by the trust and continue to be presented within Own Share in the Group financial statements.

Share option reserves
Share option reserves consist of provisions made during the financial year relating to Long-Term Incentive and Management Incentive Plans for future liabilities relating to management and employee share based incentive schemes payments, further details are disclosed in note 25.

9. Capital Commitments
At 30 November 2017, the Company had no commitments (2016: £nil).

10. Contingent Liabilities
There is an unlimited bank cross guarantee arrangement between the Company and its fellow subsidiary undertakings. The maximum potential liability at 30 November 2017 was £100.0m (2016: £139.0m).

11. Subsequent Events
There were no events after the reporting period that are material for disclosure in the financial statements.

12. Related Party Transactions
During the year a management charge of £1.7m (2016: £0.052m) was received from ESLL Group Limited in respect of services rendered. On 27 April 2017 the loan notes of £33.9m (30 November 2016: £32.3m) were repaid to Greenwhitestar Holding Company 2. Interest of £1.7m was paid on the loan notes (2016: £4.0m) to Greenwhitestar Holding Company 2 and interest received of £1.7m (2016: £4.0m) was received from Greenwhitestar Acquisition Limited.

At the year end, balances outstanding with other Group undertakings were £121.8m and £2.0m respectively for debtors and creditors (2016: £32.4m and £32.4m).

Glossary

Term	Definition
Accounts	The financial statements of the Group and/or the Company, as appropriate
Admission	The admission of the issued ordinary shares to trading on AIM that became effective on 25 April 2017
ALLMI	Association of Lorry Loader Manufacturers and Importers
AAT	The Association of Accounting Technicians
ADR	The European Agreement concerning the International Carriage of Dangerous Goods by Road
AFR	Accident Frequency Rate which is calculated to provide an indication of the number of RIDDORs that occur for every 100,000 hours worked
AGM	Annual general meeting of the Company
AIM	Alternative Investment Market of the London Stock Exchange
APMs	Alternative Performance Measures
Board	Board of Directors of the Company
CAGR	Compound annual growth rate
CGU	Cash Generating Unit
Company/Parent Company	Eddie Stobart Logistics plc a public limited company incorporated in England and Wales with registered 08922456
CTP	Career Transition Programme
DCPC	Driver Certificate of Professional Competence
DDP	Eddie Stobart's Drover Development Programme
Directors	The Directors of the Company as at the date of this document, as identified on pages 29 and 30
DVSA	The Driver Vehicle and Standards Agency
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eddie Stobart Group/Group	The Company and its subsidiaries from time to time
Eddie Stobart	The Company or the Eddie Stobart Group, as appropriate
EPS	Earnings per share
Executive Directors	Alex Laffey and Damien Harte
HGV	Heavy Goods Vehicle
HSQE	Health Safety, Quality and Environment
IAS	International Accounting Standards
iForce/iForce Group	iForce Group Limited, a subsidiary of the Company
IFRS	International Financial Reporting Standards
IOSH	The Institution of Occupational Safety and Health
IPO	The initial public offering of ordinary shares resulting in the Admission
LGV	Light Goods Vehicle
Logistic People	Logistic People Limited, a wholly owned subsidiary of TLP
LTIP	The Long Term Incentive Plan described on page 35
MHE	Material Handling Equipment
MIB	Manufacturing Industrial and Bulk
MIP	Management Incentive Plan described on page 35
Ordinary Shares/Shares	Ordinary shares of £0.01 each in the capital of the Company
SaaS	Software as a service
Sectors	The Group divides it's business up into sectors, comprising of Retail, Consumer, E-Commerce, Manufacturing Industrial and Bulk (MIB) and Other
QCA	Quoted Companies Alliance
QCA Corporate Governance Code	QCA Corporate Governance Code for Small and Mid-Size Quoted Companies published by the QCA
RIDDOR	A workplace incident reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013

Glossary continued

Term	Definition
SAFED	Safe and Fuel Efficient Driving
SIP	Share Incentive Plan described on page 35
Speedy Freight	Puro Ventures limited, a subsidiary of the Company that trades as Speedy Freight
SUD	Safe Urban Driving
TLP	TLP Holdings Limited, a subsidiary of the Company
UK GAAP	UK Generally Accepted Accounting Principles

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