

Logistics Development Group plc

(the “Company” and, with its subsidiaries, the “Group”)

Interim Results for six months ended 31 May 2023

Logistics Development Group plc, the AIM-quoted investing company, announces its unaudited interim results for the six months ended 31 May 2023.

Summary for the reporting period

During the period ending 31 May 2023, the Company, via its subsidiary Fixtaia Limited (“Fixtaia”), made the following investments:

- Acquisition of an approximately 9.1% see-through stake in SQLI S.A. (ENXTPA: SQI) (“SQLI”), via Synsion TopCo, a private holding company of a group of companies formed by DBAY Advisors Limited (“DBAY”) specifically to invest in SQLI. SQLI is a digital commerce and services agency. The investment into Synsion TopCo was initially made by way of a €18.5m loan. Synsion TopCo capitalised the loan in return for the issue of shares in Synsion TopCo and made a repayment in cash of approximately €4.1m. At the period end the number of Synsion TopCo shares held indirectly by the Company was 992,122,612, representing 11.1% of Synsion TopCo shares, and corresponding to a see-through stake in SQLI of approximately 9.1%.
- Acquisition of c. 10.3% of the share capital of Alliance Pharma Plc (AIM: APH LN) (“Alliance”). Alliance is an international healthcare group founded in 1996 and headquartered in the United Kingdom. Alliance acquires, markets and distributes consumer healthcare and prescription medicine products. At the period end the number of Alliance shares held indirectly by the Company was 55,593,562, representing 10.3% of Alliance’s issued share capital, for a consideration of £33.4m.
- Acquisition of c. 0.1% of the share capital of Finsbury Foods Group PLC (AIM: FIF LN) (“Finsbury”). Finsbury is a leading UK speciality bakery manufacturer of cake, bread and morning goods for both the retail and foodservice channels. At the period end the number of Finsbury shares held indirectly by the Company was 11,763,979, representing 9.0% of Finsbury’s issued share capital, for a consideration of £9.3m.
- Acquisition of c. 2.8% of the share capital of Trifast Plc (AIM: TRI LN) (“Trifast”). Trifast is an international specialist in design, manufacturing, and distribution of industrial and Cat C fastenings. Trifast has 34 locations within the UK, Asia, Europe and the USA. Trifast supply components to over 5,000 companies globally across a wide range of industries. At the period end the number of Trifast shares held indirectly by the Company was 3,805,158 shares, representing 2.8% of Trifast’s issued share capital, for a consideration of £2.7m.

Underlying loss before tax and statutory loss before tax for the period was £0.5m (31 May 2022: loss £0.8m). The loss was due to a loss on investments at fair value in the current reporting period and a write off of other income due to a change in the company’s investment management agreement with its Investment Manager, DBAY Advisors Limited.

On 28 March 2023, the buyback of 140,411,180 ordinary shares of £0.01 each (“ordinary shares”) effected by the Company between 25 February 2022 and 6 April 2022 (the “Capital Reduction”), which had been approved by shareholders on 6 March 2023, was sanctioned by the High Court of England and Wales (“High Court”). The order of the High Court confirming the Capital Reduction, and the statement of capital approved by the High Court in connection therewith, was delivered to the Registrar of Companies on 28 March 2023. The Capital Reduction became effective on 31 March 2023.

On 4 April 2023, following a special resolution passed by shareholders at the General Meeting held on 6 March 2023, the Company announced the commencement of a share buyback programme to purchase up to 112,352,944 ordinary shares, representing approximately 20% of the Company’s then issued share capital. The share buyback will end no later than on the conclusion of the annual general meeting of the Company in 2024, and the ordinary shares purchased under the share buyback will be cancelled. During April 2023 and May 2023, the Company repurchased a total of 7,998,538 ordinary shares in the market, for aggregate consideration of £1,211,191.69, and thereafter 7,198,538 of these shares were cancelled.

Key subsequent events

On 21 June 2023, the Group, issued a €649,000 loan to Synsion TopCo. On 27 June 2023, the loan was capitalised and new Synsion TopCo ordinary shares were issued. The Group has a present indirect holding of 1,039,419,772 Synsion TopCo shares, for a consideration of €15m.

The Group elected to receive the Alliance final dividend, payable on 18 July 2023, in shares and consequently received 1,362,033 new Alliance shares, to bring the current holding, including post period trades, to 56,758,071 Alliance shares.

As at 30 August 2023, as part of the share buyback programme, 18,254,502 shares have now been repurchased, for aggregate consideration of £2,705,497.01, all of which will be cancelled.

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

Further enquiries:

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Business strategy

The strategy of the Company as an investing company is to generate value through holding investments for the short to medium term. Therefore, the Directors believe that the fair value method of accounting for the investments is in line with the strategy of the Company. As at 31 May 2023, the Company holds its investment portfolio indirectly through Fixtaia Limited, a wholly owned subsidiary of the Company.

Outlook and investment update

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

Interim Review for the six months ended 31 May 2023

Background

As at 31 May 2023, the Company holds its investment portfolio indirectly through Fixtaia Limited, its wholly-owned subsidiary.

Summary of HY23 results

The Company reported an underlying loss before tax of £0.5m (31 May 2022: loss before tax of £0.8m) in the period. On a statutory basis, the reported loss before tax was £0.5m (31 May 2022: loss before tax of £0.8m). The reason for the loss before tax is due to a loss on investments at fair value.

Earnings per share

Statutory basic and diluted earnings per share were a loss of 0.10p (31 May 2022: loss of 0.12p).

Exceptional items

There were no exceptional items incurred during the reporting period or the prior period.

Dividends

The Company did not pay a final dividend for the year ended 30 November 2022 and the Board has decided not to recommend an interim dividend payment.

Tax

For the six months to 31 May 2023, the Company has incurred tax losses and is no longer part of a tax group (31 May 2022, the Company incurred tax losses). Therefore, the Company did not recognise current and deferred assets as the Directors do not consider that there is sufficient certainty over the recovery of these assets.

Accounting matters

Investment in Fixtaia Limited

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

During the period, the Company increased its investment in Fixtaia Limited by £25.0m and at the period end, the investment in Fixtaia Limited was revalued to £59.0m (31 May 2022: £29.7m), incurring a fair value loss of £0.3m (31 May 2022: fair value loss of £0.3m), to reflect the fair value of Fixtaia Limited as at 31 May 2023. The Directors believe that measuring the value of Fixtaia Limited using its net asset value at the period end represents the most suitable valuation methodology.

Statement of Comprehensive Loss

for the six months ended 31 May 2023

	Notes	Six months ended 31 May 2023 Unaudited £'000	Six months ended 31 May 2022 Unaudited £'000
Loss on investments measured at fair value through profit or loss			
- net	4	(332)	(299)
Interest income	2	447	-
Other (loss)/income	3	(173)	54
Net finance cost		(58)	(245)
Administrative expenses		(485)	(541)
Loss from operating activities		(543)	(786)
Loss before tax		(543)	(786)
Income tax charge	7	-	-
Total comprehensive loss for the period		(543)	(786)
Earnings per share			
Basic loss	8	(0.10p)	(0.12p)
Diluted loss	8	(0.10p)	(0.12p)

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

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

Statement of Financial Position

as at 31 May 2023

	Notes	31 May 2023 Unaudited £'000	31 May 2022 Unaudited £'000
Assets			
Non-current assets			
Investments at fair value through profit or loss	4	59,006	29,701
		59,006	29,701
Current assets			
Other receivables	9	215	105
Cash and cash equivalents	10	52,087	81,731
Amounts owed by group undertakings	9	-	54
		52,302	81,890
Total assets		111,308	111,591
Liabilities			
Current liabilities			
Amounts owed to group undertakings	9	-	(652)
Other payables	9	(363)	(231)
		(363)	(883)
Total liabilities		(363)	(883)
Net assets		110,945	110,708
Equity			
Share capital	11	5,546	5,618
Own shares	11	-	(857)
Retained earnings		105,399	105,947
Total equity		110,945	110,708

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

Signed on behalf of the Board on

A J Collins

31 August 2023

Director

Company Number: 08922456

Statement of Changes in Equity

for the six months ended 31 May 2023

	Share capital £'000	Share premium £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 December 2021	7,022	157,476	(857)	(29,697)	133,944
Loss for the period	-	-	-	(786)	(786)
Share premium reduction	-	(157,476)	-	-	(157,476)
Transfer to retained earnings	-	-	-	157,476	157,476
Share repurchase	(1,404)	-	-	(21,046)	(22,450)
Balance at 31 May 2022	5,618	-	(857)	105,947	110,708
	Share capital £'000	Share premium £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 December 2022	5,618	-	(11)	107,091	112,698
Loss for the period	-	-	-	(543)	(543)
Disposal of own shares (see note 11)	-	-	11	(10)	1
Share repurchase (see note 11)	(72)	-	-	(1,139)	(1,211)
Balance at 31 May 2023	5,546	-	-	105,399	110,945

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

Cash Flow Statement

for the six months ended 31 May 2023

	Notes	Six months ended 31 May 2023 Unaudited £'000	Six months ended 31 May 2022 Unaudited £'000
Cash flows from operating activities			
Loss for the period		(543)	(786)
Adjustments for:			
Loss on investments measured at fair value through profit or loss - net	4	332	299
Interest income	2	(447)	-
Changes in:			
Other receivables	9	(36)	8
Other payables	9	(41)	(58)
Cash used in operating activities		(735)	(537)
Cash flows from investing activities:			
Dividends received		-	2,218
Investment in subsidiary	4	(25,000)	(30,000)
Amounts owed from related undertakings	3	173	(54)
Amounts owed to subsidiary		(652)	652
Net cash outflow from investing activities		(25,479)	(27,184)
Cash flows from financing activities:			
Share repurchase	11	(1,211)	(22,450)
Disposal of own shares	11	1	-
Interest income	2	447	-
Net cash outflow from financing activities		(763)	(22,450)
Decrease in cash and cash equivalents		(26,977)	(50,171)
Cash and cash equivalents at the start of the financial period	10	79,064	131,902
Cash and cash equivalents at the end of the financial period	10	52,087	81,731

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

Notes to the Financial Statements

for the six months ended 31 May 2023

1. General information

The Directors of Logistics Development Group plc (the “Company”) present their interim report and the unaudited financial statements for the period ended 31 May 2023 (“Interim Financial Statements”). The Company is a public company limited by shares and incorporated and domiciled in the UK. Its registered address is 3 More London Riverside, 4th Floor, London, SE1 2AQ.

The Interim Financial Statements have not been audited and were approved by the Board of Directors on 31 August 2023. The information for the period ended 31 May 2023 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 30 November 2022, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) in conformity with the requirements of the Companies Act 2006. Those accounts have been reported on by the Company’s auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified and (ii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Interim Financial Statements are prepared in accordance with IFRS and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation

The Interim Financial Statements for the period ended 31 May 2023 have been prepared in accordance with accounting standard IAS 34 Interim Financial Reporting.

The Interim Financial Statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 November 2022 and any public announcements made by the Company during the interim reporting period.

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

At the reporting date of 31 May 2023, the Company has no consolidating subsidiaries and, as such, no consolidated financial statements have been presented. The Interim Financial Statements therefore present company only information for the current and comparative periods.

Going concern

The Directors expect that the Company has sufficient resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Consequently, the Directors of the Company continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Accounting policies

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Company’s financial statements for the year ended 30 November 2022.

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

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

1. General information (continued)

(a) Fair value measurement (continued)

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

(b) Financial instruments

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

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

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

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

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

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

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

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

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

New and amended standards adopted by the Company

There are no IFRS standards or IFRIC interpretations that are mandatory for the period ending 31 May 2023 that have a material impact on the financial statements of the Company.

Critical judgements in applying the Company's accounting policies

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

1. General information (continued)

Critical judgements in applying the Company's accounting policies (continued)

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

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

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

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

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

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

The Directors believe that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. Interest income

Interest income of £447k (31 May 2022: £nil) was generated from the Company's deposit account held with Investec Bank Plc. The interest rate as at 31 May 2023 was 2.75%.

3. Other (loss)/income

Other losses of £173k (31 May 2022: income of £54k) is the reduction in the management fee related to the investments held in Fixtaia Limited. On 30 March 2023, the Company's Investment Management policy was revised and the Board agreed that the management fee will now be generated directly between Fixtaia Limited and DBAY Advisors Limited, and not through the Company.

4. Investments at fair value through profit or loss

	Fixtaia Limited
	£'000
1 December 2022	34,338
Additions during the period	25,000
Change in fair value	(332)
31 May 2023	59,006

4. Investments at fair value through profit or loss (continued)

Capital investments, by the Company into Fixtaia Limited, during the period:

Investment date	Share allotment date	Amount invested £'000	No. of shares allotted
11 January 2023	11 January 2023	5,000	50
27 March 2023	27 March 2023	4,000	40
30 March 2023	30 March 2023	10,000	100
4 April 2023	4 April 2023	6,000	60
Total		25,000	250

On 31 May 2023, the investment in Fixtaia Limited was revalued to £59,006k as per the net asset value of Fixtaia Limited, resulting in the recognition of a net revaluation loss of £332k during the period.

5. Exceptional items

There were no exceptional items incurred during the reporting period or during the prior period.

6. Dividends

The Company did not pay a final dividend for the year ended 30 November 2022 and the Board has decided not to recommend an interim dividend payment.

7. Taxation

The Company did not recognise current and deferred income tax charge or credit. The deferred tax asset of £604k (31 May 2022: £596k) was not recognised as the Directors do not consider that there is sufficient certainty over its recovery. This unrecognised asset can be carried forward indefinitely.

8. Earnings per share

Basic earnings per share amounts are calculated by dividing profit/(loss) for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the 6 months to the period end.

Diluted earnings per share amounts are calculated by dividing the profit/(loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive instruments into ordinary shares. The Company does not hold any dilutive instruments to be included in the calculation.

	Six months ended 31 May 2023 Unaudited £'000	Six months ended 31 May 2022 Unaudited £'000
Loss attributed to equity shareholders	(543)	(786)
Weighted average number of Ordinary Shares – Basic	561,038	652,324
Weighted average number of Ordinary Shares – Diluted	561,038	652,324
Basic loss per share for total operations	(0.10p)	(0.12p)
Diluted loss per share for total operations	(0.10p)	(0.12p)

9. Financial assets and liabilities

	31 May 2023 Unaudited £'000	31 May 2022 Unaudited £'000
Financial assets at fair value through the profit or loss		
Investments at fair value through profit or loss	59,006	29,701
Financial assets at amortised cost		
Amounts owed by group undertakings	-	54
Other receivables	215	105
Total financial assets	59,221	29,860
Financial liabilities at amortised cost		
Amounts owed to group undertakings	-	(652)
Other payables	(363)	(231)
Total financial liabilities	(363)	(883)
Cash	52,087	81,731
Net cash/(debt)	52,087	81,079

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

Other receivables are comprised as follows:

	31 May 2023 Unaudited £'000	31 May 2022 Unaudited £'000
Other receivables		
Prepayments	99	105
Accrued interest receivable	116	-
Total other receivables	215	105

Other payables are comprised as follows:

	31 May 2023 Unaudited £'000	31 May 2022 Unaudited £'000
Other payables		
Accruals	239	184
Trade creditors	4	2
Outstanding share repurchase settlements	120	-
VAT	-	45
Total other payables	363	231

10. Cash and cash equivalents

The Company's cash and cash equivalents are comprised of bank accounts held with the Royal Bank of Scotland and a deposit account held with Investec Bank. The deposit account was opened during the period, in February 2023, and interest is accrued daily and paid monthly. The interest rate as at 31 May 2023 was 2.75%.

11. Capital and reserves

	'000	£'000	£'000
Ordinary shares in issue at 1 December 2022	561,765	5,618	(11)
Disposal of own shares	-	-	11
Share repurchase	(7,199)	(72)	-
Ordinary shares in issue at 31 May 2023	554,566	5,546	-

During April and May 2023, the Company repurchased a total of 7,998,538 of its shares, and of these shares, 7,198,538 were subsequently cancelled, resulting in share capital balance of £5,546k from 31 May 2023. The shares were purchased for a premium, resulting in a reduction of retained earnings of £1,139k.

The Own shares reserve was created at the inception of company share award plans and the shares were held in an employee benefit trust. On 9 December 2019, the Company cancelled all of its share award plans; the Long-term incentive plan (LTIP) and Share incentive plan (SIP). The balance remaining in the employee benefit trust represented shares awarded to individuals who did not meet the qualifying conditions.

On 20 February 2023, the entire remaining balance of own shares, 6,708 shares, was disposed of. This resulted in a loss on disposal of £10k recognised in retained earnings.

12. Significant non-cash transactions

No significant non-cash transactions took place in the reporting period of six months to 31 May 2023.

13. Contingent liabilities

As at 31 May 2023, the Company has no contingent liabilities (31 May 2022: nil).

14. Subsequent events

On 21 June 2023, the Group issued a €649,000 loan to Synsion TopCo. On 27 June 2023 the loan was capitalised and new Synsion TopCo ordinary shares were issued. The Group has a present indirect holding of 1,039,419,772 Synsion TopCo shares, for a consideration of €15m.

The Group elected to receive the Alliance final dividend, payable on 18 July 2023, in shares and consequently received 1,362,033 new Alliance shares, to bring the current holding, including post period trades, to 56,758,071 Alliance shares.

As at 30 August 2023, as part of the share buyback programme, 18,254,502 shares have now been repurchased, for aggregate consideration of £2,705,497.01, all of which will be cancelled.