

Half-Yearly Financial Report

Please find attached the below Announcement.

Attachment:

1. **Announcement**

Non Regulated

Publication Date: 03/12/2020

JLG GROUP PLC

CHAIRMAN'S STATEMENT *FOR THE 6 MONTHS ENDED 30 JUNE 2020*

I am pleased to present the results of the Group for JLG Group Plc and its subsidiaries (together the "Group") for the 6 months ended 30 June 2020.

I am delighted to report that the unaudited financial results of the Group for the 6 months to 30 June 2020 show an operating profit of £4,314,446 compared with £2,872,120 for the same period last year, a tremendous increase of 50% even with the revenue for the six months, decreasing from £12.1m to £10.8m, a decrease of 10%. The Group loss of £3.3m gives an earnings per share of negative 11.92p (2018: (13.92p).

In December 2019, both PWE Holdings Plc and City Oils Group were sold to Green Ops Ltd. COVID 19 has had a major detrimental effect on PWE Holdings as a result of which the Group decided to take a prudent view on its PWE Investment, by impairing its value of £6.1m at December 2019.

The lockdown due to the pandemic commenced on 23rd March 2020 and we almost immediately felt the effects. Many of our customers were forced to close or partially close their businesses as their revenues were in many cases badly hit and they had to adjust their expenditure accordingly. We immediately strengthened our Business Relationship team based in our Glasgow office and started to contact all our customers to see what assistance we could offer. Our belief at the time, which still holds good today, was that what had been a good business pre Covid would be very likely to be a good business post Covid and to date, so it has proved. The nature of the assistance that the team offered was not just confined to interest payment holidays and increased facilities but also providing information such as where to find details regarding government grants and loans, where to find information on HR matters and the like. We stopped short of offering advice as we are not qualified nor authorised to do so but we tried to be as helpful as we could be and received grateful thanks from many customers. This communication with customers has stood us in good stead and whilst we know we will suffer a higher than usual rate of bad debts we are proud of the fact that the vast majority of our customers have been through the worst and are virtually back to business as usual.

Our loan book which stood at £100m immediately pre Covid declined during April, May and June by around 12% with the consequent effect on our own revenue. This decline was entirely understandable as customers chose to take advantage of the Bounce Back Loans and CBILs loan schemes offered by government. By July those customers who wanted to have taken advantage of those initiatives and the reduction in our loan book was halted. In August and September, we have seen the loan book increasing again and we are confident that it will continue to do so at an increasing pace.

One of the effects of Covid has been to see a rapid deployment of technology. Within only a few days of the March lockdown our Technology team were able to deploy safe and secure systems to enable staff to work from home. We have continued to invest heavily in technology to improve both hardware and software that facilitate cloud working. Our priority is always our customers and we have not received any complaints from customers that their needs were not being properly serviced. The transition from office to home working was from a customers' perspective seamless. Not all staff have been working from home and our Swansea and Glasgow offices have remained open, albeit with reduced staff numbers, throughout. We are classified as an essential business and our staff our key workers, but the health and safety of our staff is extremely important to us. All our offices have complied with government guidelines and more and are now Covid secure environments that will allow our staff to return as appropriate.

The effects from Covid are far from over but we are confident that the worst effects on our business are behind us. We were fortunate to enter the Covid era in a very strong cash position which we still enjoy today. The emphasis now is to deploy the cash that we have available so that we can see our loan book and revenues increasing back to and surpassing the pre Covid levels and we are confident that our new initiatives will enable us to do so.

One of our major objectives in 2020 was to reduce our cost of funds and we enjoyed some success in this direction before Covid caused potential new funders to adopt an understandable “wait and see” attitude. A reduction in cost of funds will, of course, substantially increase our profitability.

It takes a strong foundation to remain confident in uncertain times. That foundation is the result of the effort, loyalty and enthusiasm of the management and staff. I extend a warm welcome to our Chief Commercial Officer who joined us recently. Most importantly I thank all the staff for their hard work and loyalty during an especially difficult 2020.



Robert Boot
Chairman

01 December 2020

The Directors of the Issuer accept responsibility for this announcement.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2020

| | Unaudited Six months ended 30 June 2020 | Unaudited Six months ended 30 June 2019 | Audited Year ended 31 December 2019 |
|--|---|---|---|
| | £ | £ | £ |
| Continuing operations | | | |
| Revenue | 10,750,857 | 12,175,524 | 18,554,926 |
| Cost of sales | (880,078) | (2,714,042) | (1,108,280) |
| Gross profit | <u>9,870,779</u> | <u>9,461,482</u> | <u>17,446,646</u> |
| Administrative expenses before exceptional items | (5,556,333) | (6,589,362) | (10,391,806) |
| Exceptional administrative expenses | - | - | (6,136,537) |
| Administrative expenses | <u>(5,556,333)</u> | <u>(6,589,362)</u> | <u>(16,528,343)</u> |
| Operating Profit/(Loss) before exceptional items | 4,314,446 | 2,872,120 | 7,054,840 |
| Exceptional items | | - | (6,136,537) |
| Operating Profit/(Loss) | <u>4,314,446</u> | <u>2,872,120</u> | <u>918,303</u> |
| Finance costs | (7,675,655) | (7,329,489) | (12,266,123) |
| Finance Income | | | - |
| Loss on ordinary activities before taxation | <u>(3,361,209)</u> | <u>(4,457,369)</u> | <u>(11,347,820)</u> |
| Tax | - | 41,959 | 48,657 |
| Discontinued operations | | - | - |
| Profit/(loss) from discontinued operations | - | | 2,800,629 |
| Profit / (Loss) for the period | <u>(3,361,209)</u> | <u>(4,415,410)</u> | <u>(8,498,534)</u> |
| Profit / (Loss) attributable to: | | | |
| - Owners of the parent | (3,361,209) | (3,870,176) | (7,428,836) |
| - Non-controlling interest | - | (545,234) | (1,069,698) |
| | <u>(3,361,209)</u> | <u>(4,415,410)</u> | <u>(8,498,534)</u> |
| Loss per share (expressed in pence per share) | (11.92)p | (13.72)p | (35.14p) |
| Adjusted loss per share * (expressed in pence per share) | (11.92)p | (13.72)p | (22.67p) |

*Excluding exceptional items, gains on revaluation of investment in associate and gain on bargain purchase

Condensed consolidated statement of financial position

| | Unaudited As at 30 June 2020 | Unaudited As at 30 June 2019 | Audited As at 31 December 2019 |
|--|------------------------------------|------------------------------------|---|
| | £ | £ | £ |
| Assets | | | |
| Non-current assets | | | |
| Loans advanced to customers | 29,042,450 | 28,800,223 | 30,860,104 |
| Trade and other receivables | 6,859,845 | 403,486 | 165,401 |
| Goodwill | 392,267 | 392,267 | 392,267 |
| Right of Use asset | 139,960 | - | 139,960 |
| Property, Plant and Equipment | 2,243 | 14,346,426 | 19,575 |
| | <u>36,436,765</u> | <u>43,942,402</u> | <u>31,577,307</u> |
| Current assets | | | |
| Loans and advances to customers | 56,660,289 | 55,074,839 | 66,456,946 |
| Cash and cash equivalents | 39,346,794 | 17,705,816 | 21,098,817 |
| Trade and other receivables | 920,303 | 2,224,649 | 945,526 |
| Inventory | - | 24,724 | - |
| | <u>96,927,386</u> | <u>75,030,028</u> | <u>88,501,289</u> |
| Total assets | <u>133,364,151</u> | <u>118,972,430</u> | <u>120,078,596</u> |
| Equity and liabilities | | | |
| Equity attributable to owners of the parent | | | |
| Ordinary shares | 56,400 | 56,400 | 56,400 |
| Share premium | 4,473,600 | 4,473,600 | 4,473,600 |
| Interest in own shares | (896,135) | (464,265) | (787,866) |
| Other reserves | 2,688,137 | 621,232 | 1,049,662 |
| Accumulated losses | (39,108,616) | (32,192,165) | (35,750,824) |
| | <u>(32,786,614)</u> | <u>(27,505,198)</u> | <u>(30,959,028)</u> |
| Non-controlling interests | - | (1,018,578) | - |
| Total equity | <u>(32,786,614)</u> | <u>(28,523,776)</u> | <u>(30,959,028)</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Lease liability | 78,793 | - | 78,793 |
| Borrowings | 71,356,582 | 95,478,825 | 68,939,652 |
| Current liabilities | | | |
| Lease liability | 65,582 | - | 65,582 |
| Borrowings | 91,726,655 | 48,481,494 | 78,720,074 |
| Trade and other payables | 2,923,153 | 3,535,889 | 3,233,523 |
| Total liabilities | <u>166,150,765</u> | <u>147,496,208</u> | <u>151,037,624</u> |
| Total equity and liabilities | <u>133,364,151</u> | <u>118,972,430</u> | <u>120,078,596</u> |

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2020

| | Unaudited Six months ended 30 June 2020 £ | Unaudited Six months ended 30 June 2019 £ | Audited 12 months ended 31 December 2019 £ |
|---|--|--|---|
| Cash flows from operating activities | | | |
| Cash generated from operations | 14,463,355 | (10,713,012) | (1,972,316) |
| Finance costs paid | (4,930,343) | (2,663,018) | (9,442,622) |
| R & D Tax receipt | - | - | 48,657 |
| Net cash generated from operating activities | <u>9,533,012</u> | <u>(13,376,030)</u> | <u>(11,366,281)</u> |
| Cash flows from investing activities | | | |
| Purchase of PPE | - | - | (910,946) |
| Disposal of investments | - | - | (2,829,229) |
| Payments to acquire intangible assets | - | (769,006) | - |
| Net cash generated from investing activities | <u>-</u> | <u>(769,006)</u> | <u>(3,740,175)</u> |
| Cash flows from financing activities | | | |
| Net Proceeds from issue of debenture and other loans | 14,821,574 | 18,611,365 | 28,461,355 |
| Purchase of own shares | (108,269) | | (680,791) |
| Principal elements of lease payments | - | | (50,981) |
| Debentures and other loans repaid | (5,998,340) | (10,609,698) | (15,373,495) |
| Net cash generated from financing activities | <u>8,714,965</u> | <u>8,001,667</u> | <u>12,356,088</u> |
| Net (decrease)/increase in cash and cash equivalents | <u>18,247,977</u> | <u>(6,143,369)</u> | <u>2,750,368</u> |
| Cash and cash equivalents at the beginning of the period | 21,098,817 | 23,849,185 | 23,849,185 |
| Cash and cash equivalents at end of period | <u><u>39,346,794</u></u> | <u><u>17,705,816</u></u> | <u><u>21,098,817</u></u> |

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2020

| | Attributable to owners of the parent | | | | Total | Non-controlling interest | Total Equity |
|-------------------------------|--------------------------------------|------------------------|----------------|--------------------|--------------|--------------------------|--------------|
| | Share capital | Interest in own shares | Other reserves | Accumulated losses | | | |
| | £ | £ | £ | £ | £ | £ | £ |
| As at 30 June 2019 | 4,530,000 | (464,265) | 621,232 | (32,192,165) | (27,505,198) | (1,018,578) | (28,523,776) |
| Interest in own shares | - | (323,601) | - | - | (323,601) | - | (323,601) |
| Share Based Payments | - | - | 428,430 | - | 428,430 | 1,018,578 | 1,447,008 |
| Loss for the period | - | - | - | (3,558,659) | (3,558,659) | - | (3,558,659) |
| As at 31 December 2019 | 4,530,000 | (787,866) | 1,049,662 | (35,750,824) | (30,959,028) | - | (30,959,028) |
| Interest in own shares | - | (108,269) | - | - | (108,269) | - | (108,269) |
| Share Based Payments | - | - | 1,638,475 | - | 1,638,475 | - | 1,638,475 |
| Loss for the period | - | - | - | (3,357,792) | (3,357,792) | - | (3,357,792) |
| As at 30 June 2020 | 4,530,000 | (896,135) | 2,688,137 | (39,108,616) | (32,786,614) | - | (32,786,614) |

Share capital is the amount subscribed for shares at nominal value.

Other reserves represent the expenses recognised for share-based payments.

Accumulated losses represent the cumulative loss of the group attributable to equity shareholders.

Notes to the condensed financial statements

1. Basis of accounting

This interim report, which incorporates the financial information of the Group, has been prepared using the historical cost convention, on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The same accounting policies and methods are used in the interims as compared with the most recent annual financial statements.

The interim condensed financial statements for the 6 months to June 2020 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Report" and have not been audited by the external auditors of the Group.

The unaudited results for period ended 30 June 2020 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The Board of Directors of the Group at its meeting on 19 September 2020 examined and approved the interim condensed financial results.

2. Standards and Interpretations adopted with no material effect on financial statements

There are no IFRS or IFRIC interpretations that are effective for the first time in this financial period that would be expected to have material impact on the company.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have material impact on the company.

3. Loss per Share

| | Unaudited | Unaudited | Audited |
|---|---------------------|---------------------|--------------------|
| | Six Months ended 30 | Six Months ended 30 | 12 Months ended 31 |
| | June 2020 | June 2019 | December 2019 |
| Loss per share: | | | |
| Basic and diluted loss per share (pence) | (11.92) | (13.67) | (26.34) |
| Adjusted Basic and diluted loss per share (pence) | (11.92) | (13.67) | (4.58) |
| Weighted average number of shares in issue | <u>28,200,000</u> | <u>28,200,000</u> | <u>28,200,000</u> |

Loss per ordinary share on the Company's loss for the financial period within the Condensed Company Statement of Financial Position.

4. Borrowing

| | Unaudited As at 30 June 2020 £ | Unaudited As at 30 June 2019 £ | Audited As at 31 December 2019 £ |
|----------------------------|---|---|---|
| <i>Non-Current</i> | | | |
| Debentures and other loans | 71,356,582 | 95,478,825 | 68,939,652 |
| <i>Current</i> | | | |
| Debentures and other loans | 91,726,655 | 48,481,494 | 78,720,074 |
| | 163,083,237 | 143,960,319 | 147,659,726 |

All commissions due on debentures have been deferred against the debentures they relate to and have either been shown as non-current or current borrowings. All non-current borrowings are wholly repayable within five years.

The debentures are secured by first floating charge over all of the assets of the group, and bear interest as per below. Interest is paid in two half yearly instalments.

| | Repayment date | Annual interest |
|-----------------|------------------|-----------------|
| 2020 Debentures | 31 December 2020 | 8.25% |
| 2020 Debentures | 31 December 2020 | 8.75% |
| 2020 Debentures | 31 December 2020 | 6.50% |
| 2021 Debentures | 31 December 2021 | 8.75% |
| 2021 Debentures | 31 December 2021 | 6.25% |
| 2021 Debentures | 31 December 2021 | 7.25% |
| 2023 Debentures | 31 December 2023 | 6.75% |
| 2025 Debentures | 31 December 2025 | 7.75% |

Included within debentures and other loans is capitalised commission of £4,044,709 which is charged to P&L over the life of the debentures to which it relates.

5. Share Capital

The Company has 28,200,000 shares at £0.002p