There's no car like a Motorpoint car

Motorpoint Group Plc Annual Report and Accounts 2024

About us

Car buying made easy

Motorpoint is the UK's leading retailer of nearly new vehicles.

> The actions taken in FY24 mean that Motorpoint is well placed to seize the significant growth opportunity as external conditions improve.

Mark Carpenter, Chief Executive Officer

Read our Chief Executive's statement on page 22

Who we are

Making car buying easy has been our purpose for over 25 years

It's the reason why we have such a rich history of adapting to the needs of our customers and continually innovating to deliver the best car buying experience possible.

Decades of putting our customers at the centre of everything we do has given us an unparalleled understanding of what people want when they buy a car.

This is why we believe so strongly in giving our customers unrivalled Choice, Value, Service, and Quality. There's no car like a Motorpoint car.

For investor relations information, visit our website | **www.motorpointplc.com/investor-relations/why-invest/**


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Our strategy


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2024 highlights

Market headwinds which reduced profitability led to a focus on Brilliant Basics in FY24 – lean cost base, faster stock turn and lower prices

Turnover

£1,086.6m

2024	£1,086.6M
2023	£1,440.2M

Online revenues

£426.6m

2024	£426.6M
2023	£660.5M

Units sold online

54%

2024	54%
2023	60%

Gross profit per retail unit

£1,222

2024	£1,222
2023	£1,300

Loss before taxation and exceptionals

£(8.2)m

£(8.2)M	2024
£(0.3)M	2023

Loss after taxation

£(8.4)m

£(8.4)M	2024
£(0.6)M	2023

Price leadership
stock priced good, great or low[1]

99.9%

Market share
0–6 year old car market[2]

2.3%

Days in stock

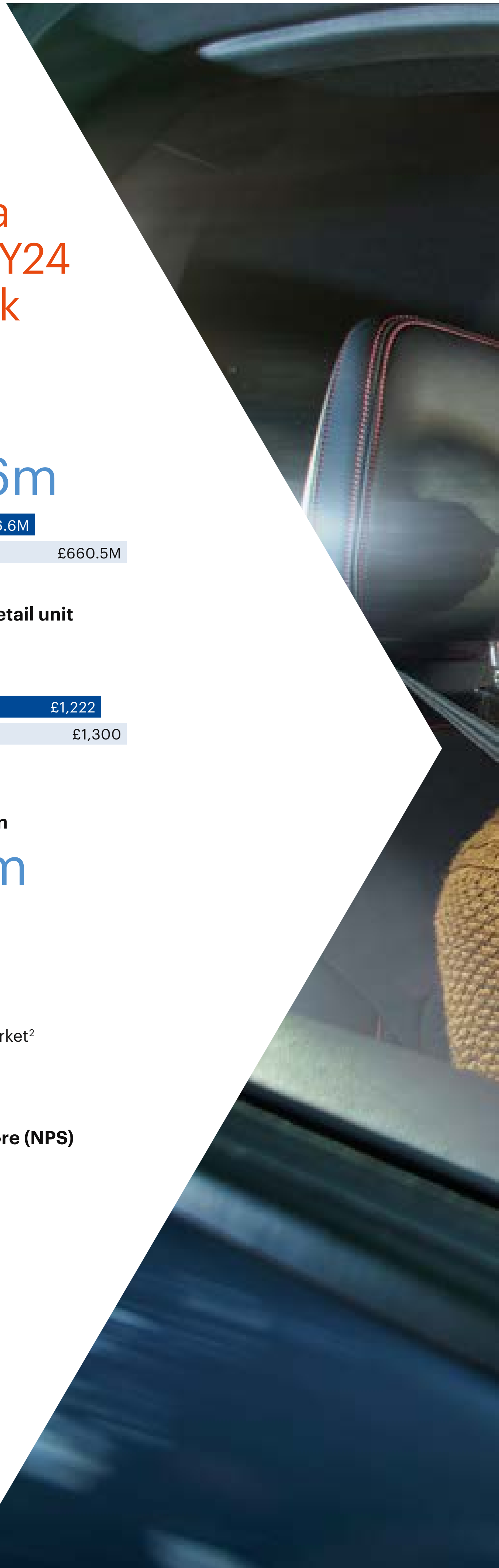
45 days

Net Promoter Score (NPS)

82

Located across the UK

20 stores



1. Autotrader price indicators (April 2024).
2. Based on data produced by the Society of Motor Manufacturers and Traders (SMMT) for period January to March 2024.

At a glance

Our purpose

Our purpose is to make car buying easy.

We're here to help our customers buy the car they want, in the way they want. There's no car like a Motorpoint car.

Our vision

Our vision is to be the Car Buyer's Champion, trusted to deliver unrivalled Choice, Value, Service and Quality.

People powered

At our heart we are a people powered business and it is our talented people who help customers when purchasing a vehicle from Motorpoint – giving them the advice they're looking for, ensuring everything is to the standard they expect and developing new innovations, products and services that constantly improve the purchasing process. This is evidenced by our industry leading NPS ratings.

Find out more on **pages** 43 to 49

Omnichannel customer experience

By focusing on making car buying easy for our customers we have been able to create the very best omnichannel experience – one that combines the convenience and benefits of searching and buying online, home delivery and reserve and collect with an extensive nationwide retail network ensuring high levels of quality, service and support.

Find out more on **page** 17

There's no car like a Motorpoint car

Our strategic areas of focus:

Upscaling omnichannel capability
Substantial increase in technology, data and marketing investment creating a seamless customer experience.

Customer acquisition and retention
Increasing investment in our customer proposition, marketing capability and leveraging our data. Led by online sales and fulfilment capacity increase in new markets.

Wholesale and supply expansion
Expanding our E-commerce Auction4Cars.com platform and growing new supply channels.

Operational efficiency
Further automation, innovation and technology investment.

Underpinned by a commitment to:

Stakeholder engagement
Read more on pages 33 to 37

Our people and culture
Read more on pages 43 to 49

Our communities and the environment
Read more on pages 48 and 49

Governance
Read more on pages 80 to 85

Risk management
Read more on pages 66 to 77

> Good progress on strategic objectives offering the best short term returns.

Chris Morgan, Chief Financial Officer

Investment case

What makes us different

Our omnichannel approach gives customers the choice of buying cars through our store network, by phone or online, or through a combination of all channels.

More than 25 years of customer insight and innovation

Retail sales of nearly new vehicles – mainly focused on those under five years and less than 50,000 miles

Always low prices delivering great value

Trade sales through digital auction site for vehicles not meeting our retail criteria

Nationwide store network

Buying cars direct from customers

Inventory management, vehicle reconditioning, logistics and store operations expertise

Agility, reacting with speed to market conditions

Digital transformation providing opportunities for growth

Customers prefer to buy used cars on an omnichannel basis, combining digital channels with physical touchpoints

Relentless focus on customer experience

Shift to online provides operating model opportunities

Website improvements boosting traffic

Significant investments in technology and marketing

Expanding digitally led car buying service

Improvements to wholesale digital selling experience

Our business and our market

A Group focused on growth through two distinct brands

Motorpoint

Our retail offer of nearly new cars that are mostly under five years old and have completed less than 50,000 miles provides customers with an omnichannel purchasing journey combining online with 20 retail stores nationwide. We also offer a range of commercial vehicles under the Motorpoint brand.

<5 years
<50,000 miles

Online and in store

Nearly new consumer vehicles
Light commercial vehicles

Auction4cars.com

Auction4Cars.com, a business to business and entirely online auction marketplace platform, allows an efficient and quick route for sale of part exchange vehicles which do not fall into our nearly new retail criteria. The customer experience has been significantly enhanced during the year.

>5 years
>50,000 miles

Online only

Wholesale vehicles

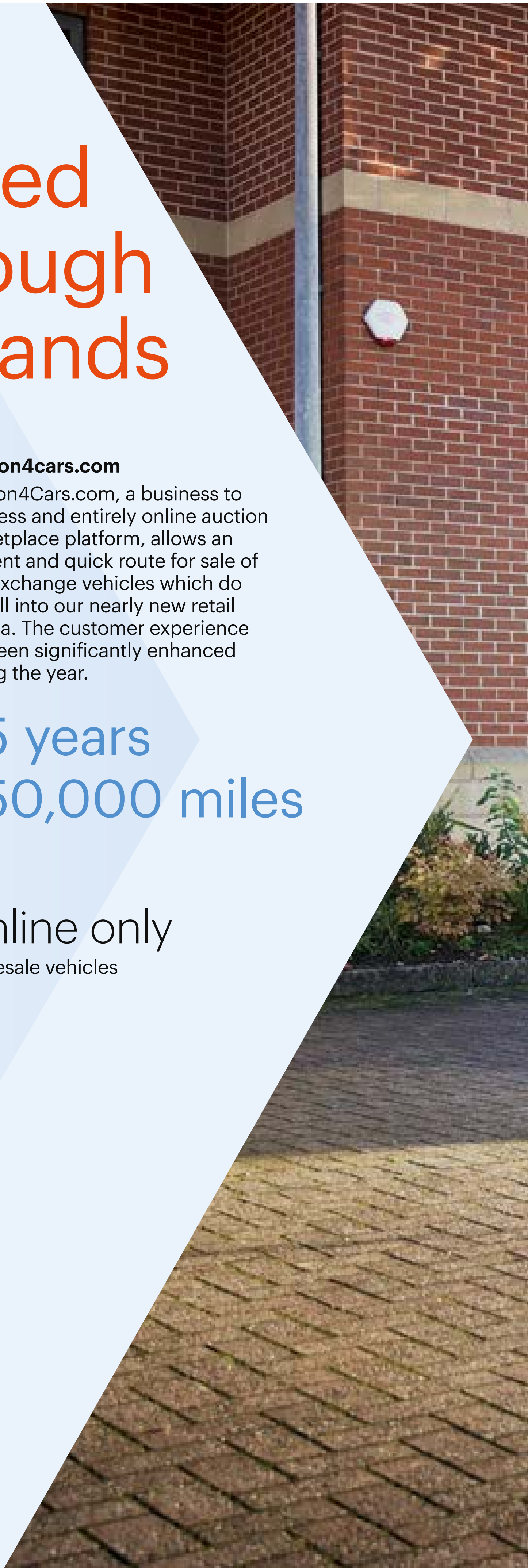
Consumer omnichannel

#1
Value retailer

25+
Years as a leading player in the nearly new market

Low
Cost base

£170
Low online average buyers' fees

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The Car Buyer's Champion

There's no car like a Motorpoint car

Our vision is to be the Car Buyer's Champion, trusted to deliver unrivalled Choice, Value, Service and Quality.

Choice

Choice for our customers means not only the model and price range of available vehicles we stock, but also the options through which they can view, purchase, and take delivery of their vehicle such as same day driveaway or home delivery.

709

makes, models and trims in stock

Value

We are able to secure the best stock at competitive prices and we pass those savings on to our customers ensuring we offer stand out vehicles at unbeatable prices. We are also able to offer financing options and extended warranties for our customers.

99.9%

of vehicles priced Good, Great or Low on Autotrader (April 2024)

Service

We are car people, not sales people, and are passionate about helping our customers get the right car. We know that our customers care equally about what they drive and the price they pay, and that they can get a car however they like – in store, by phone or online. Our customers receive Trustpilot Excellent rated customer service wherever and however they choose to buy their car.

Quality

Motorpoint Quality Standard sits at the core of our operations, ensuring we deliver the highest levels of quality of nearly new vehicles and customer service along the entire customer journey. Our cars are rigorously checked from engine to exhaust by our experts and sold under warranty.

82

Net Promoter Score

Great car at a great price. Always a good experience when purchasing a car from Motorpoint. Helpful knowledgeable staff that care about their customers. This is the fifth car I've had from them over the past 15 years and every time it's been a hassle free experience. Would recommend Motorpoint to anyone looking to buy their next car.

Trustpilot, April 2024.

Great service. Nothing too much trouble. Staff polite, friendly and professional. Would like to make special mention to Ollie and Hollie. They took care of us. Would use Motorpoint again.

Trustpilot, April 2024.

Our customers' journey

Making car buying easy... online and/or in store

We have invested in creating a deeply embedded digital and retail omnichannel customer journey that gives the car buyer the choice of how to buy their next car in a way that fits their lifestyle.

Easy to find

In store
- 20 store locations
- Customer agents within stores

Online
- Website enhancements to help find the right car – by lifestyle, by budget

Easy to view

In store
- Diverse and vast range of stock to browse and test drive

Online
- 360° virtual tour of the vehicle and gallery of images with technical specifications

Easy to buy/sell your car

In store
- Enthusiastic team to help customer through the sales process

Online
- Digital end to end journey
- Finance completed in privacy of own home and with access to all information

Benefits

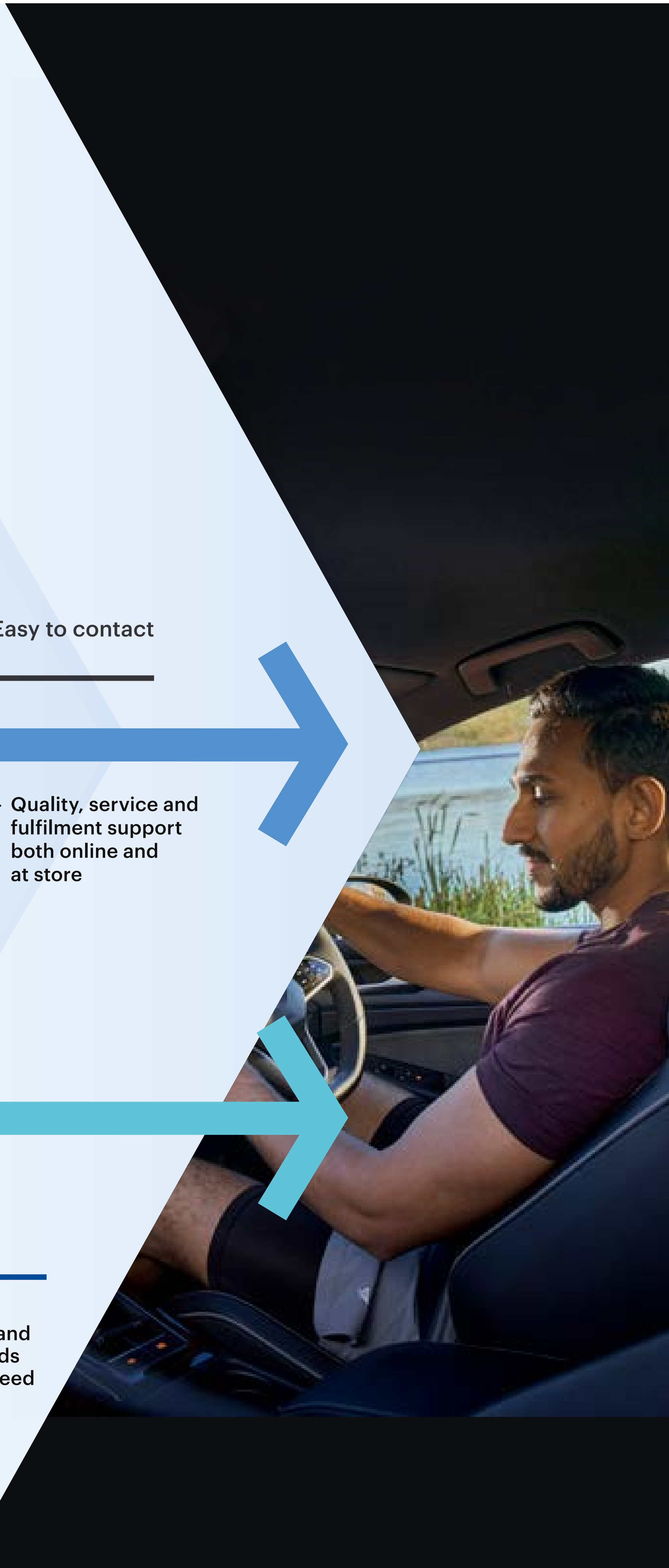
Extensive choice	Great value, Motorpoint Price Promise	Competitive part exchange prices	Flexible finance options	Car buying service available	Payment made within minutes of deal being agreed

Easy to collect

- Same day driveaway
- Home delivery
- Reserve and collect
- Buy online, collect in store
- Handover completed in less than 30 mins

Easy to contact

- Quality, service and fulfilment support both online and at store



Award winning customer service

14 day money back guarantee on home delivery

High quality and standards guaranteed

Market overview

Motorpoint faced a number of headwinds during the year, not least the reduction in the nearly new market to 1.5m vehicles per annum, from a pre Covid high of 2.5m[1].

The well documented macroeconomic headwinds meant that swift and decisive action was necessary to rightsize the business – but, as expected, margin progression, cost reduction and cash preservation has slowed market share growth.

We are now experiencing growth in the used car market. Motorpoint sales in Q4 FY24 grew 8.9% on the previous period and the market grew 6.5%[1].

Revenues

£1,086.6m

2024	£1,086.6M
2023	£1,440.2M

New car registrations in the UK[1]

1.9m

Y/E 31 DEC 2023	1.9M
Y/E 31 DEC 2022	1.6M

Market Share[1]
(0–6 year old vehicles)

2.3%

2024	2.3%
2023	2.2%

Car market

Motorpoint's core proposition is the sale of nearly new cars and commercial vans, the vast majority of which are now up to five years old and have covered fewer than 50,000 miles. We monitor available market statistics, notably from the SMMT (Society of Motor Manufacturers and Traders), which give us transaction volumes for target market cars but do not include recorded mileage. We therefore use the transaction volumes as a proxy for our available market. Although new car production accelerated in the year, it is taking time for this to benefit our newly new market. As a result of this, and in response to affordability concerns from customers, we expanded our retail criteria. Higher interest rates resulted in increased APR% and lower finance attachment, and this negatively impacted affordability. We focused on acquiring vehicles at the lower price end of the market, with reduced exposure to expensive makes and models. We did experience more normal levels of deflation in FY24, although there were sharp falls in the late autumn. It is anticipated that the nearly new market will continue to increase in size in FY25, following the rise in new car production.

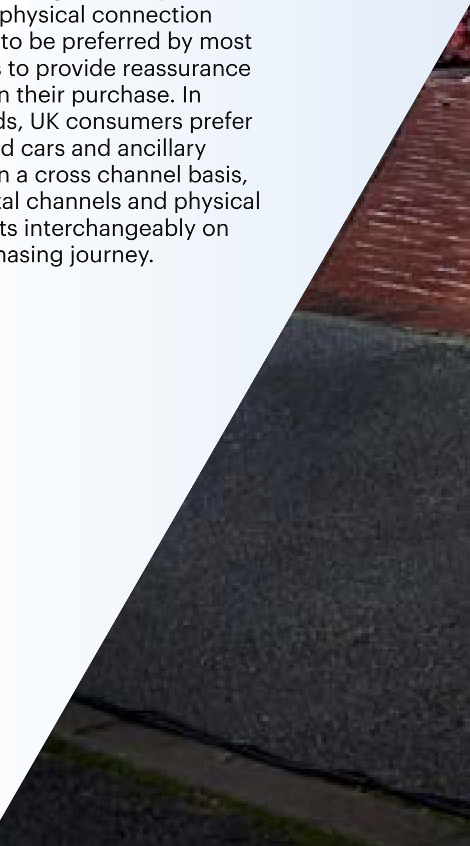
Consumer confidence

During FY24 consumers faced rising inflation and interest rates which resulted in increased uncertainty, and the resultant downturn with lower demand inevitably impacted financial performance.

Looking forward, we expect the supply pressures to reduce, and it is hoped that economic uncertainty will ease, and hence consumer confidence increase, with the impact of expected lower interest rates supporting affordability.

Buying habits

Based on our customer data, the use of digital services is becoming universal amongst car buyers. Some degree of physical connection continues to be preferred by most customers to provide reassurance and trust in their purchase. In other words, UK consumers prefer to buy used cars and ancillary services on a cross channel basis, using digital channels and physical touchpoints interchangeably on their purchasing journey.



1. Based on data produced by the Society of Motor Manufacturers and Traders (SMMT).

> Maidstone Branch offers an immaculate showroom with an excellent range of cars. Sales is great, professional yet informal, no pressure and browse at your leisure, all staff offer a warm welcome and very helpful and patient.

Trustpilot, April 2024.

> The whole process from initial contact was smooth and professional and it was the same service up to the day I collected the car. This is the first time I've bought from Motorpoint but would not hesitate returning in the future.

Trustpilot, Motorpoint website,
April 2024

How we deliver value to customers

Agility, culture, efficiency

Our strength lies in our ability to be agile and responsive – in our people and our culture, and in our constant focus on improving operational efficiencies across our digital platforms and retail network. Investment in technology is delivering operational efficiency. Our agility was important in FY24 as we responded at pace to the economic headwinds.

Key strengths and resources

New stores and growth opportunity

We can open wherever we see a market opportunity; speed and scale are in our control. Existing dealerships tend to be cheaper to fit out. We paused our aggressive rollout in FY24 after Ipswich opened in May 2023, but would expect to restart the programme before the end of FY25, as market conditions improve.

Breadth of stock

On average 40 brands are available in store or online, spanning all the leading makes and models, sourced from multiple channels. All stock is available nationally.

Retail product offer

Our retail proposition continues to be on nearly new cars and commercial vans; our product offering is supported by providing finance packages to our customers through our finance partners as well as offering warranty, and paint protection products.

Operational control

We have no external restrictions. Proprietary IT systems can be built; we have bespoke values led development and team engagement programmes; marketing can be via any channel or into any geography; our modest showroom fit out costs support Motorpoint's value proposition.

Financing

We are free to negotiate for the most competitive terms on the external market.

Car buying

Our service allows us to purchase cars direct from consumers. Depending on their age, cars can either be sold through Motorpoint (thus providing a further supply chain route), or via the Auction4Cars.com platform.

Underpinned by our values

Our operating model is focused on putting our employees first. This means empowering our team and giving them the skills and confidence to champion the customer. We achieve this through living our core values and team commitments.

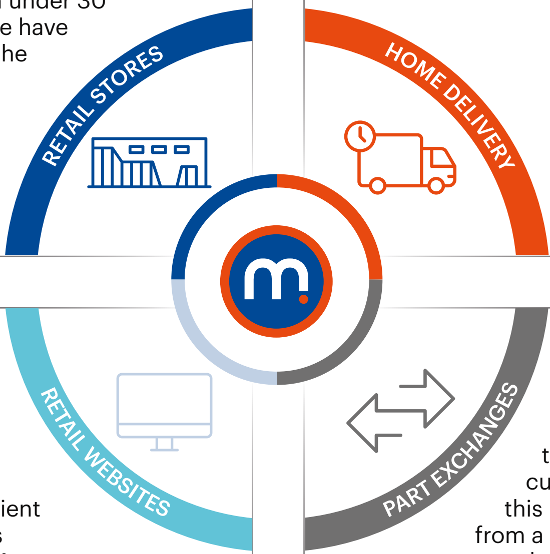
How we deliver for our customers

Retail stores

Our retail stores offer sales, light vehicle preparation and a large display area. All stores offer refreshment and lounge facilities to enhance our customers' experience and comfort. Locations are generally positioned for ease of access and located within close proximity of a large population. Our digital contactless purchase process allows customers the option to complete their vehicle purchase in store or online, visit our store to collect their vehicle, and drive away in under 30 minutes. Wherever possible, we have used automation to speed up the customer journey.

Home delivery

Our customers can choose a vehicle, arrange finance, purchase and have it delivered to them, without having to leave their home.



Retail websites

We constantly innovate to deliver outstanding customer service and we have a nationwide home delivery service. Our website allows us to maintain a convenient and trusted user experience as customer preferences evolve. As examples, 'Saved search favourites' and 'Recommendations' functionality was introduced during the year.

Our upgraded imaging and vehicle specification details provide customers with substantial information on the vehicle they are researching or buying, enhancing the conversion to sale on our website. MyMotorpoint, our customer portal, allows customers to complete all documentation requirements online, enabling home delivery and faster handovers in store. This is proving popular with our customers.

Part exchanges

Motorpoint generally sells vehicles with less than 50,000 miles, and less than five years old, to retail customers. Vehicles in excess of this mileage and age purchased from a customer are sold through our wholesale E-commerce platform Auction4Cars.com.

This platform provides invaluable live data on the latest valuation of vehicles sold and allows us to offer the best price to our customers for their part exchange.

Proud

We are proud of what we do, how we do it and the people who make it happen – we stand out from the crowd and are proud to work as part of Team Motorpoint.

Supportive

We have a one team ethos and understand that together we achieve more. We are a united team focused on a common goal and vision and will always help our customers and colleagues alike #drivingdreams®.

Happy

We enjoy what we do and we show it – a smile is contagious and our teams wear them naturally with pride. A happy team makes for a better working environment which in turn translates to a great customer experience.

Honest

This applies to our teams, investors and customers. Courage and honesty are the vehicles for positive change and Team Motorpoint has embraced this.

Chair's statement

Motorpoint is focused on stable improvement in profits and cash, while establishing new ambitions for strategic growth

Strategic Opportunity

Three years ago, Motorpoint announced a departure from its historic approach by more aggressively embracing the role of technology and digital services in its business and setting forth more ambitious medium term goals to at least double its revenue to over £2bn by, among other things, growing its E-commerce revenue to over £1bn and opening 12 new stores. Reaching these goals would require transformative levels of investment in new capabilities including technology and automation, data and analytics, digital commerce, marketing, new sales and service stores and its omnichannel customer proposition.

Since this announcement, in spite of the significant economic challenges affecting the used car market and Motorpoint in particular, the Company has progressed towards its goals by hiring key strategic leaders, developing new technologies and digital capabilities, and refining its strategy to include specific further capabilities that will position Motorpoint uniquely in the market. Although this progress has been constrained by economic and market factors, nevertheless our belief in the strategic direction and the size of our opportunity has grown.

The use of digital services is becoming universal amongst car buyers and sellers. This natural progression presents an opportunity for retailers to disintermediate portions of the used car market by selling direct to consumers through a lower cost, higher service model, by buying direct from consumers or via new online marketplaces, and by building brand leadership and market share through aggressive marketing. However we have learned, based on our customer data, that some degree of physical connection continues to be preferred by most customers to provide reassurance and trust in the transaction. Motorpoint, as a leading omnichannel retailer, is uniquely positioned to serve this need and is developing integrated consumer journeys across its digital, store, customer service and delivery channels that will meet changing consumer needs. This is Motorpoint's central strategic opportunity.

Underpinning Motorpoint's new capabilities will be contemporary technology and data practices. These will not only create unique cross channel customer journeys, but will improve efficiency in our key processes such as selling, vehicle preparation, logistics, pricing and inventory turnover.

Leading With Agility and Responsibility

With its focus on the long term strategic growth opportunity, Motorpoint has faced very difficult markets which have challenged its near term performance and investment capacity. In Motorpoint's 2022 financial year (FY22), the Covid pandemic was over; however supply chain shortages continued to limit the manufacturing of new vehicles, used car prices were inflated due to constrained supply, and consumer confidence was declining as consumers began feeling the effects of general inflation and rising interest rates. Motorpoint performed strongly in that year with record revenue, growth in market share and strong operating profit. While many in the market were cautious, Motorpoint recommitted to its ambition to lead the UK's used car market by investing in new capabilities, digitally driven customer experiences and new stores.

During FY23, economic and market conditions deteriorated further, especially in the second half. Rising inflation and interest rates, coupled with constrained used car supply, inflated prices and a significant OEM induced cut in used electric vehicle values, made trading particularly challenging.

> Motorpoint is now well positioned to reverse the FY24 loss and extend its profitability and cash generation as the market improves further, to set new expectations for medium term growth, and to recommit to investments in new capabilities, digitally driven customer experiences and new stores in order to take a leadership role in the UK's used car market.

Chair's statement continued

Further, high interest rates affected several components of our profit model. High consumer finance rates reduced consumer demand and pinched unit profitability, Motorpoint's finance commissions reduced as it tried to hold consumer rates below market, and its finance expense on inventory borrowings increased. In the face of these challenges Motorpoint continued to make prudent strategic investments in order to progress towards its strategic ambition while attempting to remain profitable and preserve cash. Motorpoint's operating profit fell, its net profit before tax was roughly breakeven while it managed to again grow revenues and market share.

As the Company approached FY24, it believed that economic and market conditions would not improve and indeed could worsen further with no end in sight. In fact, economic conditions during FY24 were the most difficult in Motorpoint's 25 year history. High interest rates, price deflation, constrained used vehicle supply and depressed consumer demand intersected causing several industry consolidations, a high visibility administration and massive industry losses. For Motorpoint, it reacted early in the year to implement a rightsizing and margin improvement programme with an aim to limit losses and preserve cash in a smaller, persistently difficult market. It prioritised increasing unit margins, reducing operating expenses and generating cash over revenue and market share growth. It also tempered strategic investments and focused on efficiency, trading effectiveness and near term returns. Although the year was loss making, by the final quarter Motorpoint was back to growth and profitability.

I am pleased that Motorpoint has been agile and resilient through a tumultuous period and made sound decisions based on changing market conditions. It has also remained committed to its strategic plan in a manner that has balanced its investments responsibly and brought substantial new technology, digital, marketing and operational expertise into the business. Motorpoint is now well positioned to reverse the FY24 loss and extend its profitability and cash generation as the market improves further, to set new expectations for medium term growth, and to recommit to investments in new capabilities, digitally driven customer experiences and new stores in order to take a long term leadership role in the UK used car market.

I would like to thank the Motorpoint team for their extraordinary contributions over an extended period. I look forward to a positive future for the Company and all of our colleagues.

John Walden
Chair
13 June 2024

Chief Executive's statement

Focusing on Brilliant Basics following market headwinds

12% improvement

Days In Stock

8% reduction

Operational expenditure (before exceptionals)

> Our focus on driving operational excellence through a programme we call Brilliant Basics has resulted in a lean cost base, faster stock turn and lower prices.

Mark Carpenter
Chief Executive Officer

Overview

Difficult macroeconomic conditions hampered our growth and profitability for much of FY24. There was also a shortage of good quality, nearly new vehicles. We took decisive action to rightsize the business to reflect the reduced market size and ensure cash generative trading at lower levels of Group sales. The external headwinds did ease in Q4, and this, along with the results of our actions taken during the year, meant we returned to profitable growth in the last three months of FY24, with retail sales up 8.9%.

High interest rates and inflation were a key feature throughout FY24 and fuelled consumer uncertainty, and the market for our 0–4 year old sector reached a low point of 1.5m sales per annum, from a pre Covid high of 2.5m. This, along with deflation and stock mix, influenced our revenue fall to £1,086.6m (FY23: £1,440.2m) and retail units sold were 52.6k. (FY23: 57.3k), despite a strong final quarter with significant year on year growth. In addition, the high market prices and APR rates have reduced affordability for consumers. To counteract this, we expanded our retail criteria so that the majority of cars were less than five years old and 50,000 miles, to help customers find the right vehicle in accordance with more constrained household budgets.

These reduced retail volumes, pressure on finance attachment rates due to high APRs, and high stock interest expense, resulted in a drag on profitability, and the business returned a loss before taxation and exceptional items of £(8.2)m (FY23: loss before taxation £(0.3)m). As a consequence of actions taken, and an easing in headwinds, the business returned to profitability in the final quarter, which coincided with year on year retail volume growth. Net exceptional items before taxation were £2.2m (FY23: £Nil) and largely related to the restructuring programme, which

resulted in headcount rightsizing and disposal of the unopened Milton Keynes leased site.

For much of the year we prioritised protecting profit and cash. Helped by use of improved data analysis, we were able to improve unit margins, introduce an affordable administration fee and increase A4C fees (but still below the market norm). We also rightsized our headcount to reflect the lower volumes and reduced marketing costs. FTEs at 31 March 2024 were 710, significantly down from the high of almost 950 in the early part of FY23.

Despite the profitability pressures, the Group again demonstrated its resilience to end the year with net cash excluding lease liabilities of £9.2m (FY23: £5.6m). There is significant cash headroom, with the £20.0m (FY23: £35.0m) bank facility undrawn at year end. Of this, £6.0m (FY23: £6.0m) is available as an uncommitted overdraft and £14.0m (FY23: £29.0m) as a revolving credit facility.

Focusing on Brilliant Basics in FY24

Our focus on driving operational excellence through a programme we call Brilliant Basics has resulted in a lean cost base, faster stock turn and lower prices, with the cumulative effect of consistent profitability in the final three months of the year.

The market challenges in FY24 required decisive action to rightsize the business and refocus our priorities on the established basics which have served us so well historically. This included a thorough review of our headcount requirements, and a plan to ensure that all roles in the business have accountability measures, with strengthened reporting. We reviewed our margin performance, supported by the use of data, and stock mix, to ensure we have the right vehicles for customers at the right price.

Chief Executive's statement continued

Our agile sourcing model allowed us to expand vehicle age and mileage criteria to offer lower price points to meet broader customer demand.

We saw the benefits of this with strong performance in the final quarter. We also looked at our ancillary offering in Q4 and extended our warranty product to cover customers for an additional year (now up to three years). This quickly resulted in an uplift in revenue and profitability, and helped offset the impact of the removal of the asset protection product.

Strategy update

We have made good progress against our strategic targets announced in June 2021. Despite the market challenges during FY24, we remain committed to our long term growth aspirations, whilst focusing in the short term on margin improvement, cost base management and cash generation, and strategic objectives that offer the best short term returns. The strong cash position allowed us to continue making targeted strategic investment, with further improvements in technology involving both our retail and wholesale businesses, and we opened our 20th store, in Ipswich, in May 2023.

During FY24, we continued to enhance our digital capability, and upscale our E-commerce offering. We made improvements to the website Product Detail Pages (PDPs) and introduced new imagery. These changes improved page views and the time customers spend on our site. Saved search and recommendation functionality was introduced. Email alerts are now in place to inform customers when the vehicle they are looking for has arrived.

We experienced record levels of organic traffic, and website speed improved by 43.5% in March 2024 compared to April 2023.

The Group's use of data is fundamental to how we operate. As well as helping to inform vehicle pricing decisions, it supports the identification of what vehicles customers desire. As an example, it allowed us to identify that new customers are more likely to buy cheaper vehicles than returning ones, and this helped inform our decision to expand our retail criteria. In addition, we now send up to four emails a week to consumers, compared to just one historically.

We have strengthened our Data Insight team by recruiting external talent, and by harnessing the benefits of automation we have been able to continue to deliver operational improvements, from preparation speed and reduced stockholding to customer self-serve technology. Automation allowed us in the year to improve efficiency and reduce headcount.

Our priorities for the year ahead include strengthening our vehicle supply, pushing ahead with consumer digital engagement, using data to inform decision making and the introduction of new profit channels. We also expect to recommence our new store opening programme during FY25, now that we see the market returning.

The Motorpoint Virtuous Circle remains at the core of everything we do

Our operating model of how our employees and stakeholders interact, the Motorpoint Virtuous Circle, combined with our Values of Proud, Happy, Honest and Supportive continue to provide a robust framework for explaining how we get things done and what factors to consider when decisions are required.

The Virtuous Circle begins with our employees. In the final quarter we conducted our Driving Seat survey for all team members, which highlighted strong satisfaction levels across the business. Our values scored highly, with 95% of the team who responded saying that they were Proud to work for Motorpoint.

We sponsor multiple initiatives to enhance our team's experience with Motorpoint. Our 'One Big Dream' initiative has been a huge success, with our people using two paid hours per month for their own fulfilment. Team retention levels improved over the year, with staff turnover falling from 32% in April 2023 to 27% in March 2024.

Our One Team ethos was perfectly highlighted when the Derby store was badly flooded in October 2023. This resulted in significant disruption for employees and customers, and required a major clean up operation. I am very proud of our employees from across the business (whether it be from the office, other locations or the Derby store itself) who all pulled together to ensure that the site was up and running again within four weeks, and that customers were not left disappointed.

We believe that the engagement of our team is directly correlated to our customers' satisfaction. As we innovate our omnichannel customer experiences, our highly engaged team continued to deliver our market leading proposition of Choice, Value, Service and Quality to our loyal customers with an unerring focus on customer satisfaction. Our NPS for sold vehicles remains at industry leading levels at 82 (FY23: 84).

During the year, we introduced new products and services to enhance the customer experience. For example, we expanded our retail criteria to ensure we held more affordable vehicles, and improved our warranty product by extending the length of cover available. In the last few months of FY24, in response to increased customer demand, we recruited additional team members in our busier stores to ensure that the high standards of customer experience were maintained.

The final piece of our Virtuous Circle is delivering for our shareholders. The external headwinds did impact profitability in the year, although we improved cash generation and had the confidence to commence the share buyback, to benefit shareholders. The improvement in performance in the final quarter provides further confidence that we can look forward to delivering strong profitable growth and cash generation.

> Despite the economic headwinds, we didn't lose sight of our longer term goals, focusing on those strategic objectives offering the best short term returns.

Environmental, Social and Governance (ESG)

The Group's ESG Committee continues to be instrumental in setting out appropriate ESG targets. The Group wants to be viewed as the most environmentally friendly used car retailer and has made significant progress on its ESG strategic goals.

We are delighted that our progress was recognised by the Financial Times naming Motorpoint as one of Europe's Climate Leaders, who are most successful in reducing their core greenhouse gas emissions. We have championed our commitment to energy management through internal communication channels.

Due to the nature of our business, most emissions relate to Scope 3 and the use of sold products. However, Scope 3 emissions did decrease year on year by 21%, although much of this was driven by a reduction in products sold and mix of vehicles. Going forward, we remain dependent on original engine manufacturers (OEMs) in respect of increasing the supply of zero emission vehicles. We expect our Scope 3 emissions to decrease as the UK transitions to a lower carbon economy, particularly in relation to cessation of sales of new internal combustion engine (ICE) vehicles from 2035.

In terms of what we can directly control, we have made further, good progress in energy savings. Like for like Scope 1 and 2 emissions and business travel, are down 14% versus the previous year based on tonnes of carbon relative to the square foot area of the business. Waste collection costs are also down 15%, and less than 0.2% waste went to landfill.

We also have made further improvements to support inclusion and remove unconscious bias, and our gender pay gap has again reduced.

Outlook

Successful execution of our Brilliant Basics restructuring programme during FY24 will stand the business in good stead moving forwards as the market continues to improve. Our lean cost base, strong data driven focus on margins, faster stock turn and enhanced digital capabilities should enable us to continue the Q4 FY24 trend of profitable growth. We envisage that 2023's difficult macro conditions will continue to ease with customer sentiment improving. Supply should increase following new car registration growth, and used car market expansion. Therefore, we believe that there is substantial potential to realise strong profitable growth and cash generation as we leverage our lower cost base with increased volumes. As performance improves we look forward to resetting and re-energising our strategic goals, including further new store opportunities, against our long term ambition to lead the UK used car market.

Mark Carpenter
Chief Executive Officer
13 June 2024

Find out more on Our strategy pages 28 to 32

Our Financial review pages 62 to 65

Key performance indicators

It's important that we measure our performance

For FY24 we have identified those KPIs that best align to our strategy, such as reporting our revenues, profitability and market share. As already highlighted, macroeconomic headwinds slowed progress during the year, as we focused on margin progression, cost reduction and cash generation.

Non-financial KPIs

Market share (0–6 year old market)[1,2]

2.3%

2024	2.3%
2023	2.2%
2022	2.2%

Estimated sale orders from digital leads[1,3]

23.2k

2024	23.2K
2023	21.1K
2022	19.3K

Net Promoter Score[4]

82

2024	82
2023	84
2022	84
2021	83
2020	81

Number of stores at year end[5]

20

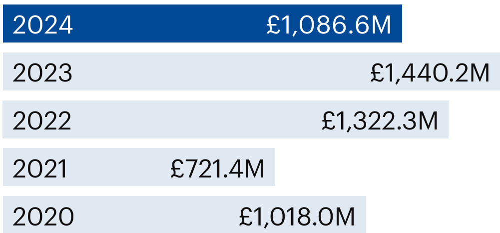
2024	20
2023	19
2022	17
2021	14
2020	13

1. Data not tracked on a like by like basis for the full five year period.
2. Based on data produced by the Society of Motor Manufacturers and Traders (SMMT)
3. Based on number of reservations, test drives, and enquiries originating from digital channels.
4. The 2021 data is based on H2 of that year, which is considered to be more representative due to lockdowns during the COVID-19 pandemic.
5. Number of open stores at year end.
6. Definitions of terms can be found in the Glossary on page 169.
7. Cash less borrowings, excluding lease liabilities (as set out page 168).

Financial KPIs[6]

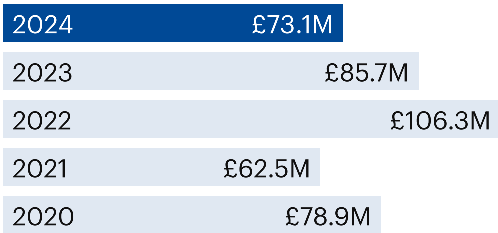
Revenues

£1,086.6m



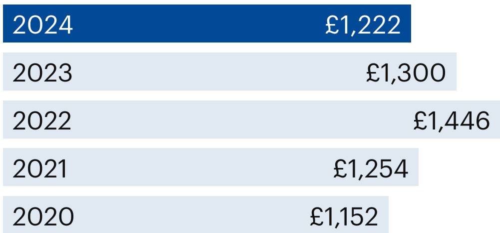
Gross profit

£73.1m



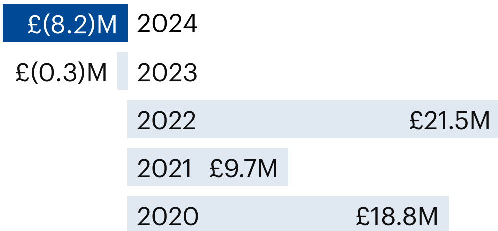
Gross profit per retail unit

£1,222



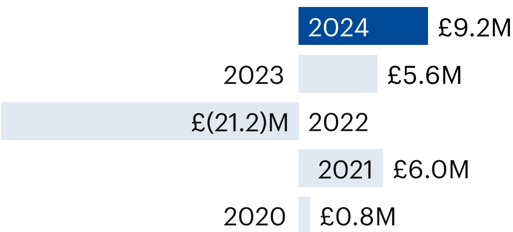
(Loss)/Profit before tax and exceptionals

£(8.2)m



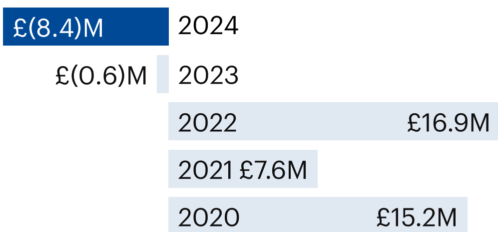
Net Cash/(Debt)[7]

£9.2m



(Loss)/Profit after tax

£(8.4)m



Our strategy

The Car Buyer's Champion

Despite the headwinds which have delayed strategic activity, and temporarily impacted revenue growth, good progress has nevertheless been made against strategic objectives which offer the best short term returns.

Good progress was made in the year against the four pillars of our strategy.

Upscaling omnichannel capability

- Upgrades to website Product Detail Pages (PDPs) and new vehicle imagery – increased views and sessions, and lower bounce rates
- 'Saved Search Favourites' and 'Recommendations' functionality introduced and email stock alerts in place for stock that becomes available
- Record levels of organic traffic, with improvements to site speed, up 43.5% from previous year
- New merchandising capability enables prominent visibility for overage stock and price reduction banners introduced
- Redesigned store landing pages allows customers to see locations close to them and showcase their current stock
- Sale orders from digital leads increased by 10.0% from previous year despite lower overall volumes sold

Customer acquisition and retention

- 20th store opened in May 2023 (Ipswich)
- Improving customer experience with creation of single customer view and CRM platform
- Customer emails sent up to four times a week, with very low unsubscribe rates
- Better use of data:
  - Drill down on what customers desire, highlighting the need to increase the affordability of our stock
  - Data led pricing strategy
- Focus on where each vehicle is in life cycle
- New warranty product, now offered for a three year period
- Improvement to online portal experience – reduce waiting time in store

Wholesale and supply expansion

- Less reliance on stock attracting purchase fees – fees per unit dropped from £144 in 2023 to £114 in 2024
- New A4C customer dashboards – unique personalised 'central hubs'
- New automated funding provider options – A4C customers can activate their account in two clicks and proceed to bid and buy
- Automated A4C customer payments now trigger collection alert and secure code – customers can win auction, pay and collect almost immediately
- Reinvigorated Sell Your Car processes in the final quarter leading to a strong uplift

Operational efficiency through technology and innovation

- Continued automation yields further efficiency gains
- New internal transport partner, improving service on sold cars
- New open banking solution allows retail customers to pay by bank transfer, reducing card payment fees
- Digital verification of vehicle mileage to ensure accuracy
- Improved aftersales capability with planned introduction of MOT bays in selected locations
- Key partner API enhancements eliminate double key entry and rework
- Upgraded FAQs page improves customer experience and productivity

> Having focused on Brilliant Basics for much of FY24, we will reinvigorate our longer term strategic plans in FY25 to maximise the market growth opportunity.

Mark Carpenter, Chief Executive Officer

Our strategy continued

Strategy performance for 2024

Upscaling our omnichannel capability

Investment into our technology, data, E-commerce capability will accelerate future growth

Motorpoint's visibility in Google's search listings is up over 43% year on year, capitalising on investment in the website, content and marketing teams.

Link to strategy

Rapidly upscaling our omnichannel capability

Operational efficiency through technology and innovation

FY24 highlights

- Impact of recruitment of experienced Chief Digital Officer and new Chief Technology Officer joined in March 2023
- New technology capability building; focus on product development, engineering and cloud
- Data science increasingly driving business decisions
- Insight driven paid media strategy based on key data sources, to drive cost efficiencies and deliver growth
- More frequent and targeted email communications and digital activity
- Digital & Tech Hub launched in Manchester store – will support and attract the best talent in a range of digital roles
- Recruitment of a new Digital Marketing Director and a team of digital marketing experts covering a range of channels including paid search, Search Engine Optimisation (SEO), email, digital PR and social media
- Build of an in-house content production team, covering everything including content writers, editors and video producers

High performance Digital Team now embedded

Digital marketing

- In-housing of team drives advanced thinking and techniques
- Significant reduction in operating costs compared to outside agencies

Product

- Opportunities to increase sales, improve customer excellence and generate business efficiencies
- Reduction in development time through product owners partnering with engineering teams
- Development of new site features and functionality to create seamless online and offline customer experience

Content and design

- Content team recruited to drive SEO through written and video content
  - 75 reviews available across a range of key makes and models with more being added
  - Ongoing investment in car buying guides, best car lists and car news
- In-house User Experience and User Interface teams recruited to enhance the customer experience and further optimise existing functionality

23.2k
Estimated sale orders from digital leads
2023: 21.1k

+43.5%
Website speed improvement
March 2024 v April 2023

Strategy Performance for 2024

Growing our market share

Creating a true omnichannel experience for customers

Market share growth as customers repeat purchase at a location and brand awareness increases in new regions.

Link to strategy Expand wholesale and E-commerce channels

FY24 highlights

- 20th store opened in May 2023 (Ipswich)
- Improving customer experience with creation of single customer view and CRM platform
- Customer emails sent up to four times a week, with very low unsubscribe rates

Better use of data

- Drill down on what customers desire, highlighting the need to move to older, cheaper vehicles for new customers
- Data led pricing strategy to optimise for margin whilst minimising days to sell and the % of stock overage
- Focus on where each vehicle is in life cycle
- By increasing the mix of vehicles under £15K to attract new customers, new customer orders (January to March 2024 vs LY) were up 22% at 10,259 orders vs 8,394
- Improvement to online portal experience – reduce waiting time in store

2.3%
Market share
(0-6 year old car market January to March 2024 - SMMT)

20
Stores nationwide

Our strategy continued

Strategy performance for 2024

Operational excellence

Operational efficiency through technology and innovation

Link to strategy

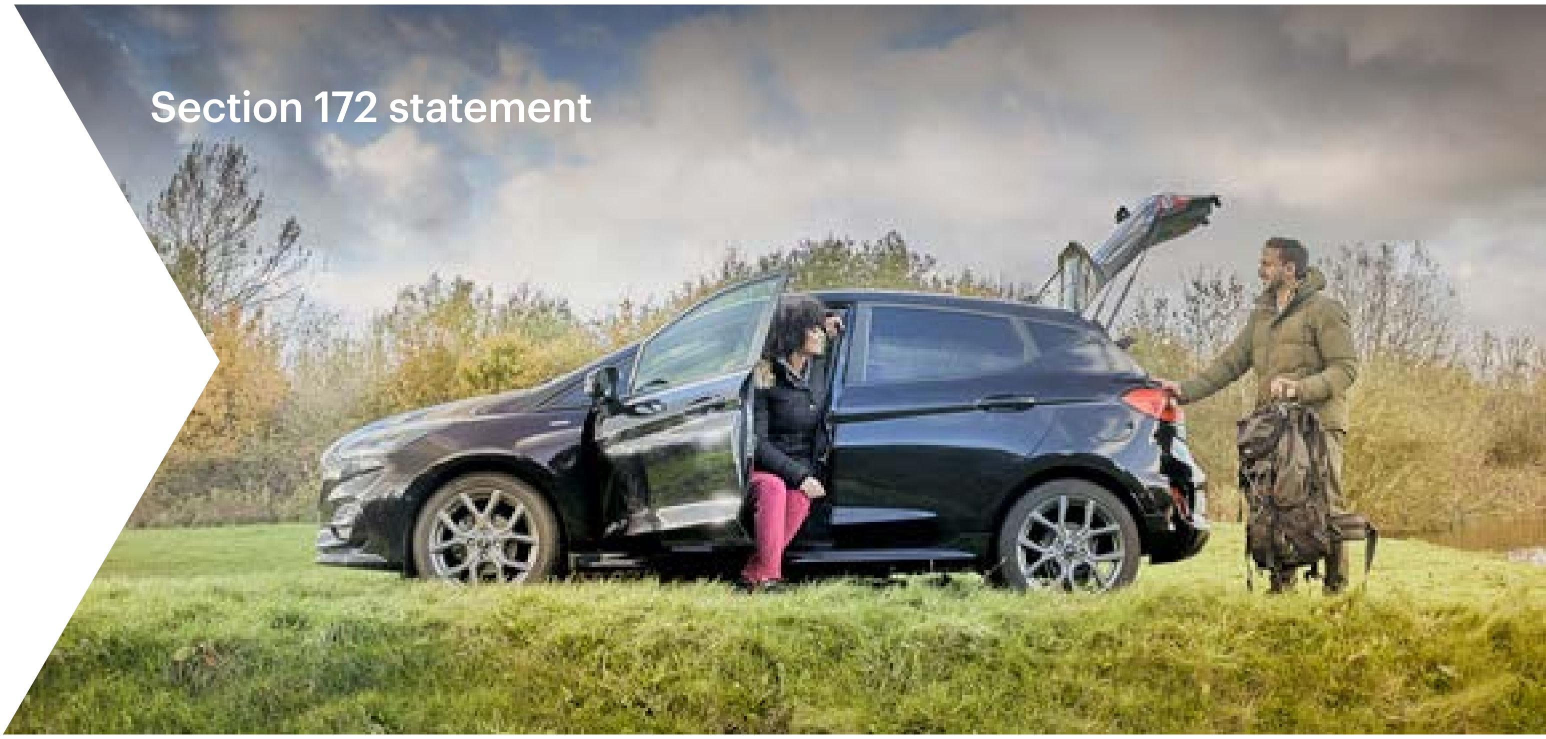
Operational efficiency through technology and innovation

FY24 highlights

- Continued automation yields further efficiency gains
- New open banking solution allows retail customers to pay by bank transfer, reducing card payment fees
- Improved aftersales capability with planned introduction of MOT bays in selected locations
- Key partner API enhancements eliminate double key entry and rework
- Upgraded FAQs page improves customer experience and productivity

Focus on Auction4Cars

- Launched A4C's new Customer Dashboard
- A4C partnered with its fourth funding partner: MotoNovo, adding to the existing V12VF, LE Capital and NextGear. Customers can now activate their Auction4Cars.com account in two clicks and proceed to bid and buy
- Customer experience/UI upgrades focusing on serving the customer relevant, actionable information at the appropriate time. This includes dynamically inserted payment references within account reminders
- Fast release immediately upon payment, meaning customers can win an auction, pay for their vehicle and collect within minutes
- Auction4Cars 'Live Auction' page has been completely upgraded



Section 172 statement

Our stakeholders at the heart of our model

The Board has a duty to promote the long term, sustainable success of the Company and of the wider Group. The baseline duty is set out in section 172 of the Companies Act 2006, but in reality, it is broader, and the Board considers a wide range of statutory and other factors within its decision-making process.

Board decision making will always encompass:

- the likely consequences of any decision in the long term and the risks to the Group and its stakeholders;
- the interests and wellbeing of our people and the communities where we are present;
- the impact of our vehicles and business on the environment and the need to 'decarbonise';
- the Group's relationships with its customers and suppliers; and
- the importance of our reputation for integrity and high standards of business conduct.

Motorpoint believes that a key mechanism in ensuring that it makes good long term and sustainable decisions is open, two way dialogue with all our key stakeholders. We believe that understanding the perspective and needs of our stakeholders is vital to the Group's success.

Good governance, our business ethics and integrity are essential to continue to be an attractive company for our investors, employer for our employees, partner for our suppliers and retailer for our customers.

We have a code of conduct in place for all employees, which sets out our expectations for ethical behaviour and responsible decision making. We also have a dedicated customer care team that is focused on ensuring that our customers are satisfied with the service we provide.

In addition to this, we have also established several community initiatives to support the local communities in which we operate.

We recognise that our success as a business is closely linked to the wellbeing of the communities in which we operate, and we are committed to being a responsible, sustainable member of our local communities.

We regularly review our policies and procedures to ensure that they are in line with our obligations under section 172 and that they continue to effectively take into account the needs of all our stakeholders.

This section 172 statement signposts in more detail some of the key ways in which we have engaged with stakeholders across the year ended 31 March 2024 and built confidence in the sustainability of their relationship with the Group. It should be read in conjunction with:

- the Chair's statement on pages 18 to 20;
- the Chief Executive's statement on pages 22 to 25;
- the ESG report on pages 38 to 51;
- the Chief Financial Officer's review on pages 62 to 65;
- the Risk landscape on pages 66 to 77; and
- the Governance and related reports on pages 79 to 118.

Section 172 statement continued

Engaging with our stakeholders

Engaging and understanding the needs of our key stakeholders has never been more important and is critical to the Board's decision making.

Stakeholder	Why we engage	How we engage	Outcomes and how feedback reaches the Board
Our people	We have an experienced, diverse and dedicated workforce which we recognise as a key asset of our business. Therefore, it is important that we continue to develop the right environment and Company culture to encourage and create opportunities for individuals and teams to realise their full potential.	• We run two engagement surveys each year, our Driving Seat Survey and an external survey • Created the 'Knowledge Hub' on Workplace to enhance communication with our teams • Simplified a number of systems and processes (including the Sales process) to enhance team training and development • We have set up a designated session for all stores and team members to receive dedicated monthly time with the Senior Leadership Team (SLT), driving more engagement across the whole business with the SLT • Training and talent development programmes that are a mix of in person and online • Monthly SLT/CEO listening groups called 'Ask me Anything' carried out across the country • We have a designated NED who oversees employee engagement and holds regular listening groups with employees	• Engagement survey results and annual people plan presented to the Board • Have held various SLT sessions on DEI, with an external DEI specialist, creating our strategy and SLT commitments • Continued to offer health and wellbeing initiatives with mental, physical and financial support • We committed to ensuring we pay at least the Real Living Wage • People reports at scheduled Board meetings • Annual pay review and reports to the Remuneration Committee • We have invested in salary levels in key strategic areas of the business and raised the Motorpoint living wage in line with the Real Living Wage Read more on pages 44 to 49
Our customers	We are here to help our customers buy the car they want; in the way they want. Our Choice, Value, Service and Quality proposition is reliant on having the right partnerships to enable us to deliver for customers. We have an unerring focus on customer satisfaction.	• Direct feedback sought on a regular basis via NPS (82 in FY24), Trustpilot (Excellent rating) and Google reviews • Monitoring/reporting of sales, footfall, website traffic and internet search analyses • Dedicated customer care team • Social media and websites • Project launched to improve all aspects of customer journey • Direct contact in stores	• Strong NPS score • Strong repeat and referral business • Use of data to better understand customer needs, and addressing these • Customer research is informing the development of a vehicle and customer data profile

Stakeholder	Why we engage	How we engage	Outcomes and how feedback reaches the Board
Our suppliers and partners	It is crucial that we develop and maintain strong working relationships with our suppliers, so we can enhance the efficiency of our business and create value, and make sure we treat suppliers in line with our values and ethical standards. We continually assess our supplier and partner network, and leverage both internal and external expertise to ensure appropriate relationships and fair economics.	• Standard terms of business and regular supplier meetings • Contingency planning should there be a failure in the supply chain • Supplier and distributor onboarding due diligence (financial, quality, business integrity and compliance, component supply, modern slavery, etc) • Ongoing management of supplier relationships • Procurement review undertaken to assess how we improve efficiency	• CEO and senior management team focus on supply chain challenges arising from expanding into new channels and suppliers • Engaging with a broad range of suppliers and regular transition between channels, with a similar level of flexibility in our product offering • Further strengthening of supply chain team and processes
Our communities	Our employees care deeply about our communities. As a responsible employer, we want to contribute to the economic development and sustainability of our communities.	• Entered into partnerships to create better gender balance within the automotive industry • Commitment to invest in the successful and sustainable delivery of careers and education for young people in our local communities • All team members are entitled to paid time off to support volunteering in the community	• Awards and recognition • Sponsorship and volunteering by employees • Continuing with our community focused partnerships which cement our contribution to the economic development and sustainability of these communities • Raising funds for local charities close to our stores across the UK • We support payroll giving to allow team members to support charities that are important to them, many of which will be local Read more on pages 48 and 49
Our shareholders	As a company with a premium listing on the London Stock Exchange's Main Market, we need to communicate clearly and effectively with our existing and prospective shareholders to develop their understanding of how the Group's businesses are managed to generate sustainable returns and long term success.	• Annual Report • Consultation with lead investors and voting advisory organisations • RNS announcements • Annual General Meeting • Investor presentations • Corporate website • Roadshows arranged twice a year to engage with investors • Investors have the opportunity to visit stores and meet a range of employees	• The Board is provided with regular feedback on investors' views and market developments • Face to face and virtual meetings with investors • We issued regular trading updates via the RNS facility to update the market on the financial performance of the business • Our websites (www.motorpointplc.com and www.motorpoint.co.uk) provide a broad range of information and data • Monthly reporting on shareholder trading

Section 172 statement continued

Stakeholder	Why we engage	How we engage	Outcomes and how feedback reaches the Board
Our environment	Through channels such as climate change and increasing legislative requirements, the natural environment affects many aspects of what we do. Our own materiality research also shows that the importance of environmental concerns rated highly among our other stakeholders. As a business, we need to do what we can to support our environment to ensure a sustainable business.	• Expanded monitoring of our GHG emissions and ongoing reduction/offsetting activities to support our efforts to reduce the impact of our emissions • Continuous monitoring of our waste and implementation of improvements to reduce waste to landfill while increasing our overall recycling • Engagement with third parties who provide expertise • Ongoing implementation and exploration of water saving projects • Continued consideration into reduction and offset of our indirect environmental footprint, such as products sold	• ESG Committee at Plc level to oversee ESG matters • Environment is a key pillar of the ESG Committee • ESG target achievement linked to annual bonuses • Formal ESG strategy in place with three key areas linked to our environment • Environmental performance measures included in Annual Report including waste and GHG emissions Read more on **pages** 39 to 42

How we made our key decisions

In this section, we set out how we considered the interests and needs of stakeholders in two of our key decisions this year.

Decision 1: Commencing share buyback programme

In January, the Board announced its intention to commence a share buyback programme, and repurchase and cancel up to 5m ordinary shares of 1p each in the capital of the Company, representing approximately 5% of the Issued Share Capital.

In initiating this programme, we considered:

The long term effect	Considering the Company's cash generation across Q3 and Q4 of FY24 and the strength of the balance sheet, the Board believes there to be sufficient cash in the business to continue to fund ambitious organic growth in the recovering market alongside the share buyback programme.
Affected stakeholder groups	**Investors** The share buyback will allow the Company to optimise its capital structure, thereby reducing the cost of capital and increasing shareholder value. **Financing partners and creditors** The Board considered the Company's long term funding arrangements with its financing partners, and relationships with creditors in determining whether there was sufficient cash available to carry out the programme.

Decision 2: Rightsizing the business to reflect market conditions

Delivery of our strategy in challenging macroeconomic conditions required us to rightsize the business and reduce our cost base. Retail margins were increased through the referencing of data, an administration fee was introduced (in line with much of the market), and we reviewed our Head Office team structure and store locations.

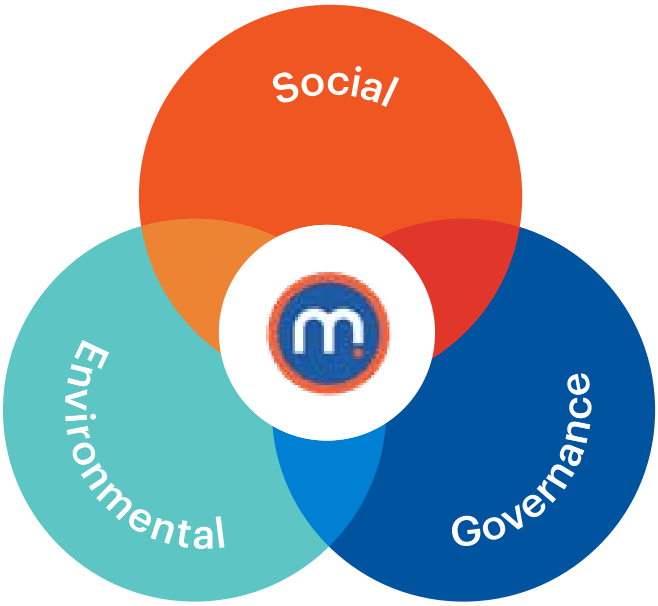
In implementing these changes, we considered:

The long term effect	The Company's ability to remain agile and harness opportunities presented by the recovery of the market was prioritised throughout the rightsizing process. For example, the restructure took a long term view of the roles needed to enhance the Company's digital sales channels, and to further develop the use of data in decision making.
Affected stakeholder groups	**Customers** Customers are now in a position to benefit from an improved supply of stock and data-driven pricing. **Investors** Our investors expect us to operate in an effective manner and for our business model to reflect the challenges facing the market. The restructuring allows us to return to profitable growth in shorter timeframe. **Employees** The restructure within Head Office was implemented to achieve a fit for purpose and agile workforce that will be well positioned to respond to the upturn in market conditions. Our priority throughout the restructure process was to ensure impacted colleagues were treated fairly and with respect. Looking forward we will continue to review our organisational effectiveness to ensure we are structured in a way that supports us to realise our commercial ambitions. **Community** Our commitment to the community and our stores' engagement with local charitable causes has been maintained throughout the rightsizing process.

Environmental, Social and Governance (ESG)

Environmental, Social and Governance (ESG) is a core part of our identity and we aim to be a business that takes every decision balanced with ESG consideration.

We were delighted to be recognised in the year as one of the Financial Times' top 500 climate leaders, validating the work we have done to lower our controllable emissions year on year as well as progress made making full Scope 3 disclosures.



Environmental

FY24 summary:
An overview of the targets we set for the year recognising where we achieved our goals and where we still have progress to make.

page 39

Waste management:
Details of our waste management strategy, including our approach to reducing, reusing, and recycling waste.

page 40

Energy usage
We recognise the importance of minimising our use of natural resources and are committed to reducing our carbon footprint. This section provides data on our energy and water usage, as well as details of our initiatives to reduce our consumption and improve our efficiency.

pages 40 to 42

Emissions data:
The automotive sector is a significant contributor to greenhouse gas emissions, and we are committed to playing our part in reducing this impact. This section provides details of our SECR statement as well as a complete set of emissions across our Scope 1, 2 and 3 footprint.

pages 40 to 42

Social

Social responsibility is a key component of our ESG performance, and we support our team members, customers, and the communities which we serve. This section provides details of our social initiatives, including our commitment to diversity and inclusion, community outreach, and employee wellbeing.

pages 43 to 49

Governance

Good governance is essential for building a sustainable, resilient business. This section provides an overview of our governance framework, including our approach to risk management, board composition and diversity, and ethical business practices as well as our TCFD aligned disclosures.

pages 50 and 51

Environmental

FY24 summary

This year, we set a goal to achieve a 10% reduction in like for like energy usage, on a consistent square foot basis with last year. The goal is measured on kWh usage per square foot vs FY23. This goal was directly linked to executive pay. We also set a target, as last year, to achieve zero waste to landfill by the end of FY24. We are pleased with the progress made against the targets in the year, full details can be found on pages 40 to 42.

Continued focus on targeting like for like energy usage reduction aids us on our journey to net zero. Embedding these targets into our stores and preparation centres is crucial to achieving energy efficiency, and during the year we partnered with store and preparation managers to look at ways in which energy usage could be reduced.

We continue to monitor internal intensity ratio as a KPI for monitoring our emissions footprint. The metric is defined as our total Scope 1 and 2 and Business Travel divided by the total floor area of the business (tCO_2e/floor area – sq ft). This metric helps us deliver more accurate like for like comparisons with previous years and is disclosed in our SECR statement later in this section.

We continue to report against the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), this year working with an external third party to enhance our modelling and climate risk assessment. In line with previous reporting we continue to adhere to the SECR requirements.

In FY24, the footprint of the business grew with the opening of our 20th store in Ipswich. With no other store openings in the year, this gave us an opportunity to focus on partnering with management to look at ways in which we can run our stores and preparation centres more efficiently, as well as looking at ways we can drive competitive action to be the most energy efficient site.

Also core to our ESG framework is the need to adapt to customers as buying trends move to favour more sustainable products. Whilst Electric Vehicle (EV) demand was lower in the year than our initial expectations, we still expect increased demand for EVs in the future.

This not only extends to adapting to a rise in the EV market, but also making sure we stay ahead of any incentives that local authorities currently offer, or may offer in the near future.

Environmental, Social and Governance (ESG) continued

Waste management

During FY23, we continued to prioritise our efforts towards improving. This year our waste management represented another successful year for us, as we achieved 66.6% of waste recycled with only 0.2% waste going to landfill. Our waste to landfill figure was impacted by the flood in Derby which caused the store to temporarily close and rapid building works needing to take place to set up our temporary show room. This work unfortunately led to a small amount of waste going to landfill. We also note a differing split between waste recycled versus recovered this year. This is a function of an older vehicle mix year on year meaning more parts needed to be sourced during the preparation of vehicles. These parts, rather than being recycled to a raw material or new state, are more likely to be recovered for reuse.

Total Waste figures	FY24	FY23
Total Waste	**932.3t**	1,062.9t
Kg Waste / sq ft	**1.11**	1.28
Percentage waste recycled	**66.6%**	85.6%
Percentage waste recovered	**33.2%**	14.2%
Percentage waste to landfill	**0.2%**	0.2%

Continued focus on targeting like for like energy usage reduction aids us on our journey to net zero.

Energy usage

This year we were delighted to achieve a 15.4% reduction in energy usage in kWh/sq ft terms. This represents the good work we have done across the business setting up heat maps and a competitive landscape across our stores, all aiming to be the most efficient store in the Group on an energy used per square foot basis.

Total electricity and gas usage	FY24	FY23	% change
Total Electricity kWh	**4,890,069**	5,269,331	(7.2)%
Total Gas kWh	**2,870,695**	3,811,120	(24.7)%
Total Energy	**7,760,764**	9,080,451	(14.5)%
kWh / sq ft	**9.26**	10.94	(15.4)%

Emissions Data

Greenhouse gas (GHG) emissions and reductions

As highlighted by our ESG materiality assessment, GHG emissions and reductions are high priority for the business. The increased data accuracy and reporting with regards to our energy usage directly corresponds to our GHG emissions, and as such we have been tracking our Scope 1 and Scope 2 emissions periodically to enable reporting at relevant forums such as the ESG Committee.

In addition to periodic calculations for our direct emissions, FY24 has seen us continue to look at the wider Motorpoint value chain. In line with our TCFD commitments in FY23, we have again calculated our applicable categories of Scope 3 emissions.

Streamlined Energy and Carbon Report (SECR) FY24

This report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', and the EMA methodology for SECR Reporting. All measured emissions from activities which the organisation has financial control over are included as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, unless otherwise stated in the exclusions statement.

The carbon figures have been calculated using the DESNZ 2023 carbon conversion factors for all fuels.

The table below sets out Motorpoint's emissions in FY24 with prior year comparatives.

	FY24	FY23[1]
Total energy use covering electricity, gas, other fuels and transport (kWh)	**12,938,771**	15,156,762
Scope 1 emissions generated through combustion of gas (tCO_2e)	**525**	696
Scope 1 emissions generated through use of transportation (tCO_2e)	**1,128**	1,344
Scope 2 emissions generated through use of purchased electricity (tCO_2e)	**1,013**	1,019
Scope 3 emissions generated through business travel (tCO_2e)	**120**	157
Total Scope 1 and 2, Business Travel (tCO_2e)	**2,786**	3,216[1]
Intensity ratio – Total Scopes 1 and 2, Business Travel (tCO_2e / Floor Area – sq ft)	**0.00332**	0.00387[1]

Note: Disclosures above are aligned with the SECR minimum mandatory requirements for quoted companies: global Scope 1 emissions from combustion of gas/fuel for transport purposes and global Scope 2 emissions from purchased energy. Additional disclosure of Scope 3 emissions from business travel or employee owned vehicles is included. Motorpoint Plc operates within the UK only.

Our SECR reported emissions for Scope 1 and 2, Business Travel decreased 13.4% from 3,216 tCO_2e in FY23 to 2,786 tCO_2e in FY24. On an intensity basis, taking into account the portfolio size of the business, our emissions intensity decreased by 4.2% from FY23 to FY24.

Our relative footprint decrease for combustibles and purchased energy in Scope 1 and 2 reflects the success of our store business partnering, working with store managers to continue to find ways to reduce gas and electricity usage.

Scope 3 emissions

With GHG emissions being a priority focus under our ESG framework, a detailed understanding of our emissions is vital. Up until recently our focus has been on the emissions from our direct operations under Scope 1 and Scope 2 of the GHG protocol. While these emissions are more directly under our control, they offer only a snapshot of total emissions footprint as opposed to the emissions of our entire value chain under Scope 3.

Scope 3 emissions have decreased year on year by 20.6% which is largely driven by the 'use of sold products' category, in line with vehicle mix and lower unit sales volumes. This category makes up 94.3% of Scope 3 emissions and other movements between Scope 3 categories were immaterial year on year.

There are a total of 15 categories defined by the GHG protocol for Scope 3. Of these 15 categories, we have established that nine additional areas not in our SECR reported emissions above that are relevant to Motorpoint's value chain. Based on these categories, we have calculated our emissions using the most appropriate method with the data available to us, recognising that reliable data for Scope 3 is a challenge and we are on a journey to improving our understanding in this area. Particular focus was put towards the calculation of emissions from products sold, as this category makes up the majority of our entire footprint across Scope 1, 2 and 3. For categories less material to the business due to their reduced totals of tCO_2e, we have calculated them using a range of industry accepted data and estimates.

1 Our FY23 SECR has been restated following data enhancements resulting in a more accurate split of total emissions. This resulted in changes to Scope 1 and Scope 3 emissions in respect of transportation. In the prior year, Scope 1 emissions generated through use of transportation was stated at 595 tCO_2e which this year has been restated to 1,344 tCO_2e, with a reduced Scope 3 downstream transportation figure accordingly restated in our full Scope 3 emissions table (562 tC02e as restated against 1,181 tC02e disclosed in the FY23 Annual Report).

Environmental, Social and Governance (ESG) continued

A full breakdown of our category justification and calculation methods can be found on our investor website.

Motorpoint Scope 1, 2 and 3 emissions		FY24	FY23
Total Scope 1 emissions		**1,653**	2,040
Total Scope 2 emissions		**1,013**	1,019
Scope 3 emissions			
Category 1	Purchased Goods and Services	**12,111**	12,311
Category 2	Capital Goods	**1,136**	317
Category 3	Fuel and Energy	**120**	478
Category 4	Upstream Transportation	**6,731**	5,588
Category 5	Waste	**215**	213
Category 6	Business Travel	**120**	157
Category 7	Employee Commute	**395**	395
Category 8	Upstream Leased Assets	**N/A**	N/A
Category 9	Downstream Transportation	**174**	562
Category 10	Processing of Sold Products	**N/A**	N/A
Category 11	Use of Sold Products	**349,069**	445,954
Category 12	End of Life Treatment of Products	**N/A**	N/A
Category 13	Downstream Leased Assets	**N/A**	N/A
Category 14	Franchises	**N/A**	N/A
Category 15	Investments	**N/A**	N/A
Total Scope 3		**370,071**	465,975
Total Scope 1, Scope 2 and Scope 3 emissions		**372,737**	469,034

Carbon offsetting

In FY24, we committed to offsetting our emissions disclosed via SECR for Scope 1 and 2 through purchasing carbon credits.

Progress against targets:

Our targets for FY24 were:

- reduce our intensity ratio of total Scope 1 and 2 and business travel divided by the total floor space of the business (tCO_2e by sq ft) by 10% a year; and
- achieve zero % waste to landfill by the end of FY24.

We are pleased with our progress in the year. We were ahead of target in respect of our Scope 1 and 2 emissions and business travel achieving a 14.2% reduction year on year based on tCO_2e / sq ft, and substantially achieved our waste to landfill target with less than 0.2% of waste going to landfill in the year.

We were delighted to be recognised in the year as one of the Financial Times' top 500 climate leaders.

Social

From the very beginning Motorpoint has been a people focused business – and our team members have always been at the heart of our business model and our Virtuous Circle.

We have always stood up to be the Car Buyer's Champion, making sure our customers can buy a quality nearly new car with no hassle from a trusted business that does things in the right way. Then there are the communities that we work within. Wherever we do business, we want to bring high quality employment to the community through our team members and their families, but more than that we want to be a positive force for good, helping those less fortunate, supporting those starting out in life, facilitating opportunities and generally making sure that wherever we trade, the community is a better place for having Motorpoint nearby.

Health and safety

The Board recognises that the highest levels of safety are required in order to protect our employees and customers. The Board believes that all incidents and injuries are preventable, and that all employees have the right to expect to return home safely at the end of every working day.

This year we appointed Callidus to provide comprehensive consultative support and advice to managers at all levels for health and safety matters across the Group. The Board requires that the Group systematically manages its health and safety hazards, sets objectives and monitors progress by regular measurement, audit and review. Monthly health and safety summaries are prepared and shared with the Board.

Managers and supervisors across all levels in the Group are responsible for managing the health and safety of their teams as part of promoting and embracing a positive health and safety culture. The Board emphasises the importance of individual responsibility for health and safety at all levels of the organisation, and expects employees to report potential hazards, to be involved in implementing solutions and to adhere to rules, procedures and Group policies. A key element in the continuous improvement of health and safety management is sharing best practice and lessons learnt from incidents across the Group and the wider industry. Accidents, incidents and near misses are investigated, with actions generated to prevent recurrence.

To embed health and safety practices in the wider workforce, we ensure that all our employees receive health and safety training modules as part of a two year training cycle. Completion is monitored centrally and late completers are notified to their line manager on a monthly basis.

Environmental, Social and Governance (ESG) continued

Our people – FY24 highlights

61
Promotions

4.1
Glassdoor rating
(out of 5)

728
Team members

103
Long Service Awards
Spread across 5, 10, 15 and 20 years' service awards

> Our people are at the heart of our business, not least in ensuring the quality of the customer experience; this is why we are determined to continually focus on our team engagement.
>
> **Lois Miller,** Senior HR Leader

Our people

Our people have always been the heart of our business. Our achievements this year can be attributed to our talented teams who worked in line with our values and demonstrated high levels of resilience through a challenging year. Our people have made sure that our customers have continued to receive industry leading service as demonstrated by Trustpilot; our preparation teams have looked after thousands of cars, ensuring that there's no car like a Motorpoint car; and at Head Office, our teams have supported the wider business and embedded key processes to enable our operational teams to deliver a seamless customer experience. Our approach to developing a high performing and inclusive culture is achieved through a number of initiatives and is explained on the following pages.

Our values

We are **proud**
We are proud of what we do, how we do it and the people who make it happen – we stand out from the crowd and are proud to work as part of Team Motorpoint.

We are **supportive**
We have a One Team ethos and understand that together we achieve more. We are a united team focused on a common goal and vision and will always help our customers and colleagues alike #drivingdreams®.

We are **happy**
We enjoy what we do and we show it – a smile is contagious and our teams wear them naturally with pride. A happy team makes for a better working environment which in turn translates to a great customer experience.

We are **honest**
We speak the truth and give honest feedback at all times; this applies to our teams, investors and customers. Courage and honesty are the vehicles for positive change and Team Motorpoint has embraced this.

We do all of this **together**
We are equal parts of the whole and we are stronger together.

Our values have been in place since 2018 and they continue to be a true reflection of how we work together at Motorpoint. Our Leadership Behaviours scheme demonstrates to leaders at all levels across the business what good leadership looks like at Motorpoint and what we, and our team members, expect from a Motorpoint Leader. These have been embedded across our processes to bring them to life and make sure that we keep these front of mind.

Diversity, Equity and Inclusion

It is important to us that all of our team members are proud to work at Motorpoint. To enable this, we want to make sure that there is respect for difference and there is true inclusion at every level of our workforce, and for our customers.

We expect everyone to be welcomed and treated equitably by having the same chance of success whoever they are, whatever they do and wherever they are from.

We recognise that Diversity, Equity and Inclusion is a key enabler to achieving our strategic goals. A diverse, equitable and inclusive culture gives us a competitive advantage to recruit the best talent and we believe that different perspectives allow us to make more rounded decisions that are reflective of the environment in which we operate and the customers that we serve.

We ensure that our Diversity, Equity and Inclusion commitments are weaved into all of our decision-making processes, making sure that Motorpoint is a place where everyone feels valued, respected, and supported to be their best – creating role models who display our values to each other and to our customers.

Our approach to Diversity, Equity, and Inclusion

Our Diversity, Equity and Inclusion strategy comprises of five core commitments:

Our commitments

1. As a Senior Leadership Team we will lead by example
2. We will create an inclusive culture
3. We will attract, retain and develop a diverse Motorpoint team
4. We will create more diverse voices around the senior leadership table
5. We will create more customer and community connectivity

Measuring the impact of our commitments to Diversity, Equity and Inclusion

To ensure that we can measure the progress and impact of our Equity, Diversity and Inclusion strategy we now collate key data from our new team members when they join the business. All team members are asked about their sexual orientation, ethnic background and any disabilities as part of their onboarding journey. We also collated this information from all of our existing team members. This means that we can appropriately measure the impact of key initiatives, through employee engagement surveys, ethnicity pay gap measurements and identify where we have clear gaps in our teams.

With respect to recruitment, we have anonymised all CVs on our applicant tracking system to remove any demographic data, such as gender, age, sex or ethnicity to ensure that all candidates are assessed solely on their skills, qualifications and experience.

Environmental, Social and Governance (ESG) continued

Gender Pay Gap

The Gender Pay Gap is the difference between the average pay of men compared to the average pay of women and is expressed as a percentage difference.

In calculating these figures, the Mean figure is a sum of the hourly pay rates for all women in the organisation divided by the total number of women. We then repeat the process for men and the pay gap is the difference between the two.

The Median gap is calculated by listing the hourly pay rates for each of the two groups and taking the middle amount (the median). We then subtract the median figure for the women's group from the men's, divide it by the men's median hourly pay rate and multiply by 100 to get the percentage.

	Mean	Median
Total Pay Gap	7.1%	(0.2)%
Salary Pay Gap	(11.3)%	(1.7)%
Bonus Pay Gap	58.3%	14.2%

We continue to make progress in closing our Gender Pay Gap, with mean and median distribution for total pay significantly reduced and salary only data positively improved to a -11.3% gap. We have more females holding leadership and higher paid positions within the business, with the average basic salary for females at Motorpoint being 40% higher than in 2022, and female leaders operating 30% of our operational leadership roles. We remain focused on continuing to reduce the gap, with a strategic priority to create an inclusive and equitable workspace for all employees.

All roles at Motorpoint are eligible for a performance related bonus which means that the vast majority of our team received a bonus in the last 12 months, irrespective of their gender. The bonus pay gap which we have reported can be related to the gender split across the quartiles, especially in the upper and upper middle quartiles, where bonus is relative to base salary and where fewer females occupy the highest earning roles.

Gender mix

	Male	Female
Senior Leadership	81.8%	18.2%
Leadership	73.5%	26.5%
Manager	64.0%	36.0%
Team member	80.2%	19.8%
All employees	78.1%	21.9%

The Gender mix table sets our gender breakdown at various levels in the Company, including the breakdown for all employees, based on the 789 individuals employed as at 5 April 2023, the date at which the Gender Pay Gap was assessed.

Our gender mix is in line with the wider automotive industry, but we always want to improve and lead the industry, hence our involvement in the Automotive 30% Club and an increased focus on graduates and apprentices who generally provide a better gender mix for team members joining us.

> The welcome I received was amazing. I felt right at home as soon as I entered on my first day. All senior staff I have met have introduced themselves, which is really nice. Learning structure was good with clear objectives. Overall – a great experience so far.
>
> **Sales Executive,** Ipswich

Supporting our team

At Motorpoint we believe that the combination of our focus on driving dreams, robust ESG credentials and our people and culture, not only differentiates us from our peers but also gives us a competitive advantage.

We believe that Motorpoint is an amazing place to work but we constantly strive to become an even better place to work. The Virtuous Circle is at the very heart of the way we do business as we genuinely believe that if we get it right for our team members, then they will get it right for our customers and that will create stronger performance for all our stakeholders.

To ensure that we maintain our focus on team member engagement and genuinely live our values Proud, Happy, Honest, Supportive and Together, we undertake a wide range of team member focused activities, some of which are as follows:

Listening to our employees

Employee voices are important to us and we run engagement surveys regularly. This year we ran our Happiness Survey; we also ran a pulse survey in relation to our recognition schemes and as a result we updated our popular employee scratch cards with new prizes which are used for peer to peer recognition across the business. Of course, the important thing about an engagement survey are the actions that you take as a result of the feedback and at Motorpoint all areas of the business are expected to create an Action Plan based on their team feedback and are measured on delivery against those plans.

Our CEO is keen to hear feedback from all levels across the business and regularly holds ‘Happy Hour’ sessions, whereby team members can attend to ask questions and discuss areas for improvement across the business.

The Senior Leadership Team (SLT) spend a significant amount of time in stores speaking to colleagues at all levels. They hold regular ‘Ask me Anything’ listening sessions obtaining feedback from team members face to face in our stores and preparation sites across the country, helping us understand the issues faced by our team members and driving action to make improvements to our team member experience.

We ran our internal engagement Driving Seat Survey in February 2024. The survey measures our teams’ satisfaction in how we bring our values to life. Around 70% of our team responded to the survey, which gave us a good sample to measure our team engagement. The results of the survey showed that there is a strong sense of pride in working for Motorpoint and our teams remain focused and engaged with the customer experience. 100% of respondents stated that they care about the customer experience and 96% agreed that their manager also cares. Our overall satisfaction rating was 87% and there is a strong correlation between satisfaction rates and our stores’ NPS. We also saw positive results and improvements within our Head Office functions, and, in particular, our Finance team significantly improved year on year because of focused action plans and changes in management.

Learning and development (L&D)

Our team members are the start of our Virtuous Circle. We ensure that all team members are equipped with the skills and knowledge to perform their roles to the best of their ability to enable us to deliver an outstanding customer experience. To further enhance our talent attraction strategy, we have developed our career pathway model and ensured that we have the tools and resources in place to develop our teams’ careers.

At Motorpoint we ensure that our L&D strategy provides equitable opportunity for our team to develop and ultimately, progress in their careers. Alongside this we offer a number of personal development courses for our teams to enhance their skills, not only in the workplace but also in their lives. We regularly review and refresh the content of our Learning Management System to ensure that our teams have access to up to date e-learning courses that they can access at a time to suit them.

Environmental, Social and Governance (ESG) continued

We have focused on the development of our leadership teams throughout the year. All of our leadership team have had access to one to one coaching and mentoring which has supported us in providing a core bench of talent for succession.

We are also increasing our focus on apprenticeships and early careers. In a world where vehicle maintenance and preparation skills are in short supply, we see this as a key part of our strategy to build a leading team. This focus extends across the business and we have seen significant success of our apprenticeship schemes within HR, Finance and our administration teams.

Wellbeing

The wellbeing of our team members has always been important to us at Motorpoint. Happy and Supported are two of our values and our focus on the Virtuous Circle means we are naturally concerned about how our colleagues are feeling – emotionally, physically, mentally and financially.

We have invested in mental health first aid training and have made it compulsory for all managers in the business to be trained, as well as training further team members in each of our sites to be able to offer support locally when needed.

Our One Big Dream scheme gives the gift of time and flexibility, and allows an individual to take time out, once a month, fully paid, to do something that matters to them. In FY24, we offered over 16,000 hours of additional paid time off to our employees as part of this scheme. We only ask that employees do something that will genuinely drive their happiness. This benefit has received immensely positive feedback and has been used across an array of activities. The diversity of people's selection demonstrates just how important it is to apply the flexibility to our employee benefits in order to have a real impact on personal wellbeing. We also give extra leave for birthdays, moving house and getting married.

We continue to partner with Sovereign Healthcare to provide a 24 hour employee assistance programme for our team members. This provides a counselling hotline for team members with issues across a wide range of subjects that may be impacting their lives and gives potential access to face to face counselling if required. We also provide financial support via Sovereign Healthcare to all team members for key health treatment including optical support, physical therapy and dental care.

Our benefits platform My M.O.T (Motorpoint Offers and Treats) provides our team members with access to a wealth of information and practical resources to assist them with financial and physical wellbeing. The platform also provides team members with discounts for hundreds of retailers.

Of course, one of the best ways to ensure our team members' wellbeing is to provide high quality jobs that reward people well, providing fulfilling and enjoyable work in a supported environment with high quality leadership. This provides opportunities to grow and develop personally and professionally and that brings us all the way back to the Virtuous Circle and our Motorpoint values.

Motorpoint in the community

This year, we have significantly increased our support and involvement in the many communities in which we work.

Local level

It is important to us that our stores engage with a local charity that resonates not only with the team members of that store but also the local community. Working with numerous charities has not only increased the store team charity engagement but also built a greater relationship with Motorpoint and each of the communities.

> It is important to engage with a local charity for each store that resonates not only with the staff of that store but also the local community.

Our store leadership teams are passionate about giving something back to their local communities. Our Oldbury store took part in the Annual Dragon Boat race in support of their charity partner, Birmingham Children's Hospital, raising £3,800. Each year Birmingham Children's Hospital celebrates their biggest fundraisers and with over £10k raised for the charity to date, Motorpoint was named one of the 'Top 100 Heroes' by the charity.

In Burnley our General Sales Manager, Alan Young and Sales Manager, Matthew Butterworth took on a running challenge, raising over £1,000 for Pendleside Hospice. Our Ipswich team raised over £2,000 for their charity partner, St Elizabeth's Hospice when the team attended their Midnight Walk.

Arena tickets have been donated to various other local charities for their own fundraising activities with a collective total of over £2,000 raised.

The Community Hero initiative was created and run on social media where the public could vote for their local heroes to receive the prize on offer – a Newport based foodbank was gifted Cardiff arena tickets, and 20 children were mascots at Peterborough FC.

National level

Each quarter we have a nominated charity on Workplace (our people community platform), where ticket raffle funds are sent. This has been a new initiative that has seen great support and as an example, we raised over £300 for African Adventures at the end of the year.

Team member level

We recognise that our team members have busy lives and differing priorities outside of the workplace. Many of them will have causes that are close to their hearts and personal to them. To support them with this, we continue to offer all colleagues the opportunity to donate to these causes via Payroll Giving.

Store	Charitable partner	Sponsorships
Birmingham	Birmingham Children's Hospital	
Birtley	St Cuthbert's Hospice	
Burnley	Pendleside Hospice	Burnley Golf Centre
Castleford	Prince of Wales Hospice	Snaith Football Team
Chingford	Yardley School	
Coventry	Myton Hospice	
Derby	Derby County Community Trust Nottingham Lions Wheelchair Basketball	Motorpoint Arena Nottingham Derby County Community Trust Panthers Ice Hockey Power Break
Edinburgh	St Columba's Hospice	
Glasgow and Motherwell	Beatson Cancer Care	Calderbraes Football Team
Ipswich	St Elizabeth's Hospice	
Maidstone	Demelza's Children's Hospice	MPE Football Team
Manchester	St Ann's Hospice	Salvo Autism in Racing
Newport	St David's Hospice Care	Newport FC Academy Victor Karlaker – Bristol Pitbulls Chloe Higgs – Ice Skater
Oldbury	Birmingham Children's Hospital	Birmingham Hospital Rugby Team
Peterborough	Sue Ryder Hospice Care	
Portsmouth	Pompey in the community	
Sheffield	St Luke's Hospice	Elsecar Main Football Team
Stockton on Tees	JPC Community Farm	
Swansea	Maggies Cancer Care	Morristown Football Club Riley Powell – Pool Player
Widnes	James Bulger Memorial Trust and St Rocco's Hospice	

Environmental, Social and Governance (ESG) continued

Governance

We take our governance responsibilities seriously and are committed to promoting a culture within Motorpoint where everyone does the right thing and always acts with integrity, aligned with our shared values. We require all employees and third parties who act on our behalf to conduct business with integrity, and to take personal responsibility for ensuring that our commitment to sound and ethical business conduct is delivered. ESG activities are monitored at board level through the ESG Committee.

Whistleblowing
We operate a confidential whistleblowing hotline which is available for all of our team and our suppliers, to give them the opportunity to raise any issues about dishonesty or malpractice within Motorpoint – the results of which are independently collated and submitted to the Risk and Compliance Committee. The Company Secretary reports regularly to the Audit Committee and the Board on whistleblowing matters.

Anti bribery and corruption
Motorpoint has a zero tolerance policy in respect of bribery and corruption and our anti bribery policies and anti money laundering policies are routinely communicated to all employee. This extends to all business dealings and transactions, and includes a prohibition on offering or receiving inappropriate gifts or making undue payments to influence the outcome of business dealings.

Employees are required to disclose offers of gifts, hospitality or other incentives with a value of more than £100. All employees receive communication of the relevant policies as part of the onboarding process and new versions are sent out if updated.

The Group does not make political donations.

Treating Customers Fairly
Treating Customers Fairly (TCF) is a regulatory requirement and applies to all regulated firms in the conduct of their business. The Financial Conduct Authority (FCA) regards fair treatment of customers by firms as a key part of FCA regulation in the retail market.

TCF is a core foundation of delivering our retail proposition of Choice, Value, Service and Quality, and is thereby fundamental to delivering long term business value. To this end, the Board has reviewed and maintained our Treating Customers Fairly and Vulnerable Customers policy. Through concerted focus, TCF has become an integral part of the culture and is subject to frequent and rigorous scrutiny within all forums that consider, inter alia, customer facing processes, employee remuneration, and product selection. We are committed to delivering the best possible service to our customers, with objectives across the business reflecting this aim.

In particular, the following business areas are under constant review to ensure alignment with Motorpoint's business model, customer requirements and the regulatory environment:

- marketing practices, including promotional material;
- sales processes, whether on site, via the contact centre or digital;
- customer communications;
- record keeping; and
- complaints handling.

A review and reporting environment has been developed to ensure that Motorpoint's high expectations are met, and that all systems, people and processes are supported to achieve our TCF objectives, including via:

- qualitative quality controls, such as aftersale customer interviews and mystery shops;
- quantitative quality controls, such as cancellation rates for products within their cooling off period; and
- ongoing training and support for our team, including personalised and scheduled refresher training.

The Consumer Duty
The Consumer Duty is a suite of regulations introduced by the FCA that set a higher standard for the treatment of consumers using financial services and products. The duty requires firms to put their consumers' interests first, making it easier for them to make decisions in their best interests and receive good outcomes.

The duty sets an overarching principle, cross cutting rules and requires implementation across four key outcomes. Below is an outline of the duty and a description of how Motorpoint governs its ongoing compliance with the duty.

In January 2024, the FCA announced that it would be carrying out a review of historic motor finance commission arrangements and sales across several motor finance firms. The Group believes that its historical practices were compliant with the law and regulations in place at that time. The Group has acted as a broker in transactions of this type, rather than as a lender, and has followed the rules set by the lender at all times, and therefore concluded that the level of risk for wrongdoing to the Group is low.

Area	Description	Motorpoint Governance
The Consumer Principle	This is the overarching principle that defines the purpose of all of the Consumer Duty regulation, that 'firms must act to deliver good outcomes for retail customers'.	Motorpoint has a specific working group covering all aspects of the duty.
The Cross Cutting Rules	1. 'Acting in good faith' (e.g. not taking advantage of any lack of knowledge on the consumer's part) 2. 'Avoiding foreseeable harm' (e.g. performing affordability checks prior to application) 3. 'Supporting consumers in achieving their financial objectives' (e.g. providing a straightforward method of cancelling a product should it be in the customer's interest to do so)	Governance is aligned with the cross cutting rules of the consumer duty. This included a process mapping exercise ensuring complete coverage of the legislation.
The Four Outcomes	**Product and services:** The actions required for this outcome will differ depending on firm status as a manufacturer, co-manufacturer, or distributor. Overall, it requires firms to work to ensure the products and services they offer are right for the end consumer and consider any vulnerabilities their target market may have that can be accounted for. **Price and value:** Firms should focus on the fair pricing of their products and offering value for money. Firms should review commission arrangements and for example, ensure they do not encourage the sale of products that are not in the consumer's interest. **Consumer understanding:** The FCA feels the consumer is often placed at a disadvantage due to a lack of knowledge about the products or services a firm is selling, while the firm has the greater understanding. This outcome serves to make firms address this imbalance to allow consumers to make informed decisions. This could take the form of providing further information in an easily digestible and accessible way when it is most relevant to the consumer. **Consumer support:** This outcome includes the numerous ways in which firms act to communicate with consumers and provide their services. There should be straightforward processes. The key message from the FCA here being that it should not be any more difficult to cancel, switch or complain about a product than it is to purchase it initially.	As a part of Motorpoint's implementation plan for the consumer duty, a full review of the customer journey has taken place to ensure all four outcomes are appropriately in line with the legislation. The working group worked with the business to ensure that the customer journey remains under constant review and has a governance structure in place that ensures continued compliance with the legislation. Motorpoint has worked closely with its product suppliers (lenders) for regulated consumer products and ensured that the findings from the lenders in respect of the consumer duty were included within our customer journey governance.

Human rights

Motorpoint conducts business in an ethical manner and adheres to policies which support recognised human rights principles. We continue to address the risks of modern slavery and human trafficking, with the Board debating and adopting the annual Anti Slavery Statement and raising awareness of the risks across the business. We work with our suppliers to protect workers from abuse or exploitation by communicating to them the terms of our Anti Slavery Statement and request their adherence to our policy.

A statement of the Group's compliance with the Modern Slavery Act 2015 can be found on the Group's website at | www.motorpointplc.com

Task Force on Climate related Financial Disclosures (TCFD)

We support the Task Force on Climate related Financial Disclosures (TCFD) and its recommendations. We are making TCFD disclosures consistent with the 11 TCFD recommendations, in line with our prior year commitments and consideration of the all-sector guidance and the Guidance on Metrics, Targets and Transition Plans. We fully comply with all areas except the guidance on transition plans. Due to adverse operating and marketing conditions in FY24, the transition plan project was delayed. We plan to work with a third party to develop a carbon transition plan in line with the transition plan taskforce during the next financial year.

We recognise that climate change is the most serious challenge to the global community, and we understand we have a role to play in reducing greenhouse gas emissions and striving for change in the industry. The effects of a transitioning economy will directly affect the motor industry throughout the value chain, evidenced by the UK Government's commitment to the end of the sale of conventional new petrol and diesel cars by 2035. We are committed to continuously measuring and assessing the impacts of climate risks and opportunities across our operations, physical locations and supply chains.

Governance pillar

Board of Directors

- Ultimately responsible for the oversight of climate related risks and opportunities, with escalation via the Group Risk and Compliance Committee
- CFO is climate related risk owner

Delegates responsibility to committees

Escalation to Board via Risk and Compliance and ESG Committee

Environmental, Social and Governance (ESG) Committee

- Assessing the Group's environmental sustainability strategy, including oversight of metrics and targets supporting carbon reduction ambitions

Audit Committee

- Twice yearly overview of the risks facing the organisation, including climate change risk

Risk and Compliance Committee

- Delegated responsibility for identification, management and assessment of Group risks

Management monitor, manage and oversee climate related risks and opportunities producing management information for committees

Working groups

- Cross functional working groups support ESG Committee on topical issues, for example the development of an electric vehicle (EV) strategy

Site managers

- Oversight of environmental data and their relative performance against targets

Finance

- Finance team supports CFO who is climate related risk owner, including ensuring controls and procedures are established to oversee climate related risks and opportunities

Governance pillar continued

a) Describe the Board's oversight of climate related risks and opportunities

Board of Directors

The Board of Directors is ultimately responsible for the oversight of our climate related risks and opportunities impacting the Group. This includes Motorpoint and Auction4Cars.com. All areas of the business have been considered in the assessment of climate related risks and opportunities.

The Board of Directors met nine times in FY24. The climate related areas considered by the Board in the year are summarised in the table below.

Climate related risk register	CFO, Chris Morgan, owns climate related risk register Oversight of climate risks and opportunities through escalation via the Risk and Compliance Committee
Review and approval of annual budgets, longer term financial and strategic planning	Climate related matters are considered in strategic business decisions, including considering trade offs associated with risks and opportunities. This includes capital investments, for example in electric charging infrastructure
Derby flooding	Review and approval of the business interruption insurance claim including impact of flood on business activities, estimated losses and results of insurance claim and future insurance availability. Assessment made over other potential store vulnerabilities in respect of flooding alongside rollout of revised emergency response plans at all locations
Metrics and targets	Review and approval of final metrics for Scope 1 and 2, and business travel for inclusion in annual reporting as the metric linked to executive remuneration bonus Review and approval for other ESG metrics, including Scope 3 reporting

The Board is supported by three committees who have delegated responsibility over various aspects of governing the Group's climate related risks and opportunities.

Audit Committee

The Audit Committee provides twice yearly overviews of the risks facing the organisation, including climate change. The Audit Committee reviewed the FY24 TCFD disclosure. The Audit Committee has reviewed the work performed by the Group in respect of ESG matters and the oversight provided from the internal and Plc ESG Committees.

Executive Risk and Compliance Committee (Risk Committee)

The Risk Committee has delegated responsibility for the identification, management and assessment of the Group's climate related risks and opportunities. This is supported by quarterly reviews of the Group's emerging risks, and twice yearly reviews of the principal risks. Please see the risk management pillar for further information on the risk management process. Climate change is included as a principal risk.

Environmental, Social and Governance Committee (ESG Committee)

The ESG Committee is responsible for assessing the Group's environmental sustainability strategy. The relevant areas considered by the Committee are set out in the governance pillar table.

Metrics and targets	Oversight of carbon emissions including Scope 1, 2 and 3 Review of strategy for future assurance of Scope 1 and 2 carbon data In the next financial year, create a credible transition plan supported by targets to ensure the Group can track its progress to meet the UK Government's net zero commitment. The ESG Committee will oversee execution of the transition plan, including review of regular status reports and progress towards climate related targets
Skills and resources	Review of internal and external capacity and/or skills to deliver ESG strategy

Remuneration Committee

In FY24, the Remuneration Committee established an executive management remuneration linked to climate related considerations. The Committee will monitor the performance and remuneration outcomes. The target for executive management is linked to an intensity emission reduction for Scope 1 and 2 carbon emissions against the previous year.

Skills and competencies

The Board has sufficient expertise and experience in climate change to oversee the governing of climate related risks and opportunities. The Chair of the ESG Committee has sufficient experience in ESG and climate change.
All new Directors have a balanced induction and skills review including experience in ESG and climate change.
The Non Executive Director and Chair of the ESG Committee shares experience with other Directors and management.

Task Force on Climate related Financial Disclosures (TCFD) continued

Governance pillar continued

b) Describe management's role in assessing and managing climate related risks and opportunities

Management's role is to ensure that the day to day management of climate related risks and opportunities are delivered alongside the overarching Group strategy.

In the financial year, the Head of Sustainability left the business. The CFO has ownership of the sustainability strategy and climate related risk register. The CFO is supported by the finance function and external consultants to measure and report on GHG emissions, including Scope 3 emissions. The finance function is also responsible for understanding the financial impact of the Group's climate related risks and opportunities.

Detailed analysis has been performed to understand the financial impact from the Derby flooding.

Store, preparation centre and Head Office managers have increased oversight of environmental data and their relative performance against targets. Data analytics software data shows heat maps of energy usage to support energy reduction actions. We launched a league table for stores to compare energy, water and waste data across all stores. Managers have indirect performance targets through energy reduction and the impact on site profitability.

All the Group's functions are responsible for implementing risk management practices as defined in the risk management framework, including in relation to climate related risks and opportunities. The CFO owns the risk register and is supported by functional management to implement mitigation strategies. For example, operations have supported with the development of emergency response plans. Management reports into the Risk Committee.

Multidisciplinary working groups support and report into the ESG Committee with the implementation of the ESG strategy. Previous working groups have supported with the rollout of EV technical training. We are establishing a working group to support the carbon reduction plan, who will have accountability for the execution of the plan.

Our climate change strategy is underpinned by our desire to reduce the carbon we produce significantly. In addition, we ensure climate

Strategy pillar

related risks are managed within our risk appetite and opportunities are identified and maximised. Our commitment to ESG, particularly climate related issues, is a key consideration in all decisions made at Motorpoint.

a) Describe the climate related risks and opportunities the organisation has identified over the short, medium, and long term

The risk management pillar explains the process undertaken to identify climate related risks and opportunities.

The climate related risks and opportunities have been identified across short, medium and long term time horizons. We have revised the time horizons compared to last year's TCFD report due to changes in the UK regulatory landscape, for example the zero emission vehicle mandate.

Short term	Next three years (2027)	The short term period impacts our immediate business strategy and financial planning
Medium term	2027 to 2035	The medium term period covers our medium term strategy including targets for the 2030 estate. We expect there to be a significant adoption of electric vehicles (EVs) over this period due to the zero emission vehicle mandate
Long term	Beyond 2035	The long term period includes our longer term carbon reduction target date. As we offer nearly new cars, a significant amount of our sales will be from EV beyond 2035

The risk and opportunity tables describe the climate related risks and opportunities identified over the short, medium and long term. Section c) of the strategy pillar explains the climate scenarios we have considered to determine which risks and opportunities could have a financial impact across the timelines. Motorpoint operates in one sector and is a UK based business. The risk identification considers all areas of the business.

Risk grading is consistent with the wider Group. The minimum risk recognition limit for a low risk is greater than 0% chance of crystallisation and a 2% of greater impact on key financial targets specific to the risk. The risk dynamic risk scoring considers likelihood and impact before mitigations. The climate scenario analysis has been presented using two scenarios:

Net zero emissions by 2050 (NZE): A below 2°C scenario

Stated policies scenario (STEPS): Warming above 2°C expected

As shown on the table on page 58, we have modelled a range of Representative Concentration Pathways (RCPs) to understand our exposure to physical climate risks, including RCP 2.6, 4.5 and 6.0.

Strategy pillar continued

Key to risk scoring ↑ High ↓ Low → Medium

				Dynamic risk scoring		
Risk	**Risk area**	**Climate scenario with greatest impact**	**Risk description**	**Short**	**Medium**	**Long**
Transition	Policy and legal	NZE	Risk of increased taxation as the government aims to meet its own climate change commitments. Key areas relating to Motorpoint include: • Increased taxes for energy • Vehicle fuel taxes • EV mandates • Overall 'carbon tax' This may impact operational costs through carbon and energy taxes. Risk is greatest in the short term due to political landscape and policy gap to meet UK net zero targets.	→	↓	↓
	Technology and market risks	NZE	Increased costs from increased demand of energy usage at sites due to charging of EVs and offering charging services to customers. Electricity costs may increase if reliant on the national grid due to taxes or resource shortages. Sales in the short term are expected to have a larger proportion of internal combustion engine vehicles. Risk increases in medium to long term as EV offering increases.	↓	→	→
	Technology and market risks	NZE	We currently offset our operational carbon emissions. There may be increased costs for carbon offsetting. We may not be able to reach net zero without offsetting due to certain Scope 3 categories (emissions from vehicles sold or logistics). Scenario analysis into the UK carbon market suggests the price of carbon may increase in the medium to long term.	↓	→	→
	Reputational risks	NZE	Customers or other stakeholders lose confidence in the brand as Motorpoint does not respond effectively or urgently to public concerns over climate change. This could impact our ability to attract and retain talent. Risk is greatest in the short term as sales are expected to have a larger proportion of internal combustion engines. Risk decreases in the medium to long term as we implement our ESG strategy.	→	↓	↓

Task Force on Climate related Financial Disclosures (TCFD) continued

Strategy pillar continued

Key to risk scoring ↑ High ↓ Low → Medium

Risk	Risk area	Climate scenario with greatest impact	Risk description	Dynamic risk scoring		
				Short	Medium	Long
Physical risks	Acute risks	STEPS	Risk of action from climate action groups disrupting the business due to operating in sector perceived to be harmful (e.g. private vehicles). Risk is greatest in the short term as sales are expected to have a larger proportion of internal combustion engines that may be of focus for climate action groups.	→	↓	↓
		All climate scenarios	Extreme weather events could lead to site and inventory damage. In the year, a flooding event at Derby led to stock write off, damage to infrastructure, closure of branch leading to some loss of earnings, and increased insurance premiums. Extreme weather events could impact sales or inventory in all time horizons.	↑	↑	↑
		All climate scenarios	Extreme weather events could cause significant supply chain disruption affecting Motorpoint's ability to move cars quickly and efficiently. We would expect this to impact logistics providers. Extreme weather events could impact suppliers across all time horizons.	→	→	→
		STEPS	Extreme weather events could increase competition for land use, affecting Motorpoint's ability to expand to new sites. There may be additional due diligence costs, flood mitigation costs and premiums on land deemed to be lower risk. We expect this risk to increase over time because of availability of insurance and increased flood risk, evidenced through climate scenario analysis.	↓	→	→
	Chronic risk	All climate scenarios	Material rise in sea levels leading to changed UK landscape; site relocation and/or supply chain alterations is required. Climate scenario analysis suggested material rise in sea levels will occur over the longer term.	↓	→	↑

Strategy pillar continued

Four risks included in our FY23 disclosure no longer meet minimum risk thresholds for a low risk. We will continue to monitor the risks through horizon scanning, as explained in the risk management disclosure on page 60.

Risk description	Rationale
Policy changes deter the need for private vehicle ownership	The Government has made limited investments into viable alternatives to car ownership (e.g. High Speed 2)
Not meeting increased demand for electric and alternate fuelled vehicles leading to loss of market share	We have classified this as an opportunity as we have a diversified car acquisition strategy and invested into training for technicians to service EVs
Customer finance availability is limited because alternative fuel cars are more expensive than traditional petrol/diesel cars in relation to earnings and lenders are not confident over battery degradation	Relative cost of EVs is reducing compared to combustion engine vehicles. The finance terms for nearly new vehicles are within manufacturer warranty
Failure to attract and retain investors due to poor ESG or climate change performance	We have classified this as an opportunity under the brand area. We will continue to monitor changing expectations for sustainability and climate change performance

Opportunities

Area	Opportunity	Time horizon	Relative impact
Competition and market	To take market share by being a leader on zero emission vehicles achieved through a diversified product acquisition strategy and investment in green skills for our employees. There are additional opportunities for offering products or services to support customers with electric vehicles (e.g. home charging units)	Medium term	Medium
Supply chain	Opportunity to maximise sustainable supply chain, leading to reductions in energy and carbon use. For example, in FY24 we moved to a new logistics provider. We are already benefiting from a more efficient logistics fleet and expect further improvements from developments in heavy goods vehicle (HGV) fleet	Medium term	Medium
Brand	Reputation advantage for being a sustainable company and achieving ESG strategy. This could be through lower interest rates from sustainability linked loans, or increased sales as Motorpoint is perceived as a more sustainable company than peers	Medium term	Low
Locations	Increased opportunity to have more sustainable footprint through investments in renewable energy generation, and energy efficiency measures	Long term	Medium

b) Describe the impact of climate related risks and opportunities on the organisation's business, strategy, and financial planning

During the year, we undertook an exercise as part of our financial planning to assess future cash flows across multiple climate scenarios. The assessment ensures climate related risks have been incorporated into the assessment of impairment reviews.

The findings from this work are included in section C of the strategy pillar. There is no significant risk of impairment to our future operating model assets or any short term risk identified indicating a possible impairment over assets. There are no current impacts on access to capital, investment into research and development or direct impacts within our climate change due to climate related matters.

Our strategy is to improve the energy efficiency of our estate as we offer lower emission vehicles to customers. This year we established a league table for our stores across environmental metrics to drive internal competition. We currently purchase renewable energy through renewable energy guarantee of origin but in the longer term, we plan to look at the most optimal way of achieving net zero over Scope 1 and 2 emissions in our transition plans. One option would be to invest in our own renewable energy production.

Our Derby store was impacted by a flooding event in the year. There was an exceptional write off of £6.0m relating to insured assets held at the Derby store, with £5.6m recovered through insurance proceeds. Insurance premiums have increased, albeit not materially, as a result of the flooding event. In addition, a number of actions are in place to limit exposure to any future events in the Derby store. We have developed emergency response plans for all stores, including detailed flood recovery plans for potentially affected stores. Increased insurance costs are modelled in our scenario analysis.

Task Force on Climate related Financial Disclosures (TCFD) continued

Strategy pillar continued

c) Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario

Approach to scenario analysis
We have considered different climate related scenarios, including a 2°C or lower scenario to assess our resilience of our strategy. We have used a combination of data sources to make this assessment including the International Energy Agency (IEA) scenarios' net zero emissions by 2050 and stated policies.

We have used our target operating model for 2030 which assumes medium term growth goals and an increase in footprint.

	Net zero emissions by 2050 (NZE)	Stated Policies Scenario (STEPS)
Description of scenario	A scenario which sets out a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. This scenario could be achieved through an early action or late action pathway. There will be policy and market changes to restrict global emissions. Early action assumes early adoption of policy interventions. Late action assumes a more extreme reduction pathway into the 2030s. The IPCC Sixth Assessment Report on Mitigation of Climate Change, released in April 2022, assessed many scenarios that led to at least a 50% chance of limiting the temperature rise to 1.5°C in 2100. The NZE Scenario trajectory is well within the envelope of these scenarios. IEA (2022), Global Energy and Climate Model, IEA, Paris https://www.iea.org/ reports/global-energy-and-climate-model, License: CC BY 4.0.	This climate impact scenario, current policy settings based on a sector by sector and country by country assessment of the specific policies that are in place lead to a world with increasing physical climate change impacts owing to warming increases beyond 2°C. There may be no additional action by governments, leading to significant physical climate risks.
Data sources used	The IEA World Energy Outlook for Net Zero Emission by 2050 (NZE) and Stated Policies Scenario (STEPS) is used for understanding energy transitions and electricity cost pathways. We used the Climate Biennial Exploratory Scenario for early action, late action and no additional action scenarios. We have modelled the impact of carbon price ranging from 28 USD to 301 USD. A limitation of this data set is that is not updated annually. Climate Impact Explorer is used for physical climate risks. We focused on flood risk through land fraction annually exposed to river floods and surface run off. We have considered a range of RCPs, including RCP 2.6, 4.5 and 6.0. The financial impact has been modelled by assuming an increase in insurance cost, based on experience drawn from the Derby flood event and results of the scenario analysis. We used Climate Central for considering the risk from sea level rise. The data used for the analysis considered 'Current Trajectory Scenario' (SSP3-7.0) and 'Deep and Rapid Cuts' (SSP1-2.6).	
Risks modelled	We have modelled the following risks or opportunities across all scenarios: • Increase sales of EVs vehicles: projections from the Net Zero Emission mandate and age profile of our vehicles • Policy changes for a carbon price on all Scope 1 and 2 carbon emissions: using carbon price and a modelled carbon reduction pathway and voluntary offsetting for residual Scope 3 emissions from Internal Combustion Engine Vehicles (ICE) • Cost increases from electricity: using IEA projections for electricity cost increase • Failure to attract or retain investors: Impact on reduced earning overall through WACC calculation • Physical climate risk increase insurance costs: Modelled increase in insurance costs	

Strategy pillar continued

Net zero emissions by 2050 (NZE)

There is a risk of increased taxation or other policy mechanisms in the UK as the Government aims to meet its own climate change obligations. We have assumed a universal carbon price would be established for Scope 1 and 2 emissions. There will be increased costs in this scenario as the carbon price is expected to increase up to 301 USD per tonne of carbon emissions. The costs are not expected to be material to the Group without mitigations. However, we have met our target to reduce our operational carbon emissions by 10% a year based on our intensity ratio. We have achieved this in previous years through investment in site based sustainability forums and engagement with site managers to reduce energy consumptions in their respective locations.

We have also assumed that there would be a requirement for all sold vehicle emissions from ICE vehicles to be offset or sold at zero emissions. By 2035, a greater proportion of our sales will be zero emissions vehicles. However, this proportion will likely be lower than expected in previous years because of delays in the adoption of EVs through the 'Net Zero Mandate'. We have therefore modelled the impact of a carbon price impacting the ICE vehicles sold as part of our Scope 3 footprint. We also factored in an increased cost of electricity in line with the modelled price increase in the IEA NZE scenario for early action and late action. The late action scenario assumes carbon prices will increase significantly by 2035. We have mitigations in place to reduce the risks from the increased sales proportion for used EVs. For example, we have a diversified EV acquisition strategy. In addition, there are improvements being made to the efficiency of ICE vehicles by manufacturers. In the longer term, we expect substantially all vehicles sold by 2039 to be zero emission unless there is a change of strategy.

Motorpoint could expect greater carbon costs and energy costs under the scenario. This would increase operating expenditure. However, the model showed the business would be resilient enough to cope with the costs of transition and energy costs. Our own operating carbon emissions are reducing through investment made in energy efficiency measures and more granular monitoring of site level data.

There is a risk from physical damage to stores and preparation centres even in the net zero emission scenario. In the medium term, there is a lower exposure to increased flood and sea level risk. However, by 2050, at least three sites will have an increased risk of flooding. In this scenario, we have assumed an increase in insurance costs. We have developed business continuity plans for higher risk sites and can divert sales to nearby sites if there is a short term flooding event.

Stated Policies Scenario (STEPS)

Under this scenario, Motorpoint will experience lower transition risks in the short and medium term. Offsetting costs would likely be due to voluntary action rather than a mandatory carbon tax. There is a lower carbon price expected in this scenario. Electricity costs are expected to increase, but to a lesser extent compared to NZE. The Government targets for sales of new zero emission vehicles may be missed. This would reduce availability of NZE vehicles, increasing our Scope 3 emissions from vehicles sold. Overall, the costs from energy and carbon would be lower in this scenario.

We expect there to be greater physical risks to stores and our supply chain. Our modelling in this scenario still assumes that Motorpoint can continue to operate. Climate scenarios may not incorporate climate 'tipping points' that could accelerate climate impact and economic damage. We will continue to review our climate scenarios for updates to assumptions. The physical risks are mitigated as Motorpoint is a UK based business. However, there could be impacts to the wider motor vehicles sector under this scenario.

We have modelled flood risk and sea level increase. In 2030, there is a lower risk of flood risk, surface run off and sea level increase. In 2050 and RCP 6, 17 locations have an increased risk of surface run off. These are locations with a medium or high exposure. This could increase the risk of localised flooding. In response to this risk, we have developed business continuity plans considering local site knowledge. Three sites are at higher risk of sea level rise by 2050. This is a longer term risk and we will continue to monitor our estate portfolio and assess new site locations for exposure to physical risks.

Task Force on Climate related Financial Disclosures (TCFD) continued

Risk management pillar

During the year, the Board has discussed climate change related matters. Risks and opportunities have been identified from the effects of transitioning to a lower carbon economy and because of physical climate risks. The risks have been through a process of review from both the Group Risk and Compliance Committee (Risk Committee), and the Audit Committee.

a) Describe the organisation's processes for identifying and assessing climate related risks.

Our approach to risk management is summarised on page 66. Climate related risks are identified and assessed using this process to determine the relative significance against other risks. Climate related risks are identified through scanning the external environment and the Group strategy. This includes horizon scanning for existing and emerging regulation and reviewing UK climate change studies, for example the 'UK Government Climate Risk Assessment'.

The ongoing management of climate risks is performed through the quarterly review of the Group's risks in the Risk Committee. Climate risks are within the scope of the Group's emerging risk process which feeds from function level risk management and considers Group strategy. The assessment of climate risk is informed by the ESG Committee, who also meet quarterly. The involvement of the ESG Committee ensures there is sufficient skills and experience to identify and assess climate related risks.

A separate climate risk register is maintained. We reviewed the risk register as part of the annual TCFD process, with impact ratings reassessed because of the scenario analysis performed. We have increased the impact of the physical risk of climate change leading to damage to branches due to the impact of flooding in the year.

All climate related risks and opportunities are mapped to principal risks within the climate risk register. We have also included risks that are no longer considered or are emerging risks within the register.

b) Describe the organisation's processes for managing climate related risks.

Motorpoint responds to risks through planning future actions based on the current risk assessment and the target risk level, in line with risk appetite.

The ESG Committee meets quarterly and oversees the ESG strategy. This includes ensuring Motorpoint achieves carbon reduction targets and wider environmental goals. This is supported by the finance function who is responsible for monitoring data, supported by external consultants.

Ongoing management of risks is performed in line with our risk management framework. Where assessed to be above minimum risk recognition limits for a low rated risk (greater than 0% chance of crystallisation in the time horizon considered and 2% or greater impact on key financial targets specific to that risk) and outside of appetite, steps are taken to agree mitigating actions to bring the risk exposure to within appetite. This also provides a framework to prioritise climate related risks.

All the climate related risks identified in the register of climate risks are related to the Group's principal risks, which have their own wider controls and mitigating activities. As such, the climate related risks include mapping to the relevant principal risk. Details on mitigating activities for the Group's principal risks is held within the principal risks and uncertainties (PRUs) database.

This year, we identified climate change as a principal risk. Flood risk is also included in the Group risk register. An action to respond to the risk from flooding is to develop emergency response plans for higher risk sites. Both risks will be monitored to review the development of risks over time through tracking key risk indicators. For flood risk, this includes monitoring insurance premiums.

c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management.

Our process to identify, assess and manage climate related risks is fully integrated into the overall risk management process. The thresholds for minimum risk register for the overall risk management is up to three years. The climate risk register considers short, medium and long term time horizons.

Risk measurement and assessment is defined in the risk management framework and all of our climate related risks were assessed in line with the defined criteria for assessing emerging risks to the business in the risk management plan.

Our risk management framework states that risks are managed on an integrated basis throughout our organisation and as such, function level risk registers were updated during the year to ensure consideration of new and emerging risks, including climate related risks, where appropriate. There are clear escalation routes in place from the functional management to the Risk Committee.

Metrics and targets

The Group has metrics and targets that facilitate the measurement of the impact on the environment.

a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.

The Group monitors metrics to assess the impact of climate related risks and opportunities. Some of the metrics are internally monitored as part of the risk management process.

The ESG Committee monitors metrics and targets to provide oversight and governance. The finance function supports the day to day management of the metrics and targets and to aid the financial review of climate risks. The metrics have been mapped to our risks and/or opportunities because they help us understand our impact in areas of strategic importance. The Executive Directors' annual bonus has a 10% weighting to the reduction of Scope 1 and 2 emissions against the previous year.

Metrics and targets continued

Risk or opportunity	Metric	Use
Risk: Increased costs from increased demand of energy usage at branches due to charging of EVs and offering charging services to customers	GHG emissions (CO_2 Scope 1 and 2) as disclosed in the SECR statement	Key Performance Indicator and disclosed as part of SECR See page 41
Opportunity: Increased opportunity to have more sustainable footprint through investments in renewable energy generation, and energy efficiency measures	Intensity Ratio as disclosed in the SECR statement	Key Performance Indicator and disclosed as part of SECR See page 41
Risk: We may not be able to reach net zero without offsetting due to certain Scope 3 categories (emissions from vehicles sold or logistics)	Absolute Scope 3 emissions	External reporting on Scope 3 emissions See page 41
Risk: Extreme weather events could lead to site and inventory damage	Insurance premiums	Key risk indicator to monitor the financial impact of extreme weather events
Opportunity: To take market share by being a leader on zero emission vehicles achieved through a diversified product acquisition strategy	Market share of nearly new zero emission vehicles	Internal key performance indicator to monitor climate related opportunities supporting the low carbon economy

The environmental metrics are included in our Environment report including waste management metrics.

In FY25, we will consider the metrics suggested as part of the International Sustainability Standards Board. We do not currently use an internal carbon price.

b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks

The Scope 1, 2 and Scope 3 greenhouse gas (GHG) emissions are included in the SECR disclosure on page 41.

The methodology used to calculate the greenhouse gas emissions is aligned to the GHG Protocol and is included in the SECR disclosure.

We have not obtained limited assurance over our Scope 1 and 2 greenhouse gas emissions but expect to do this in the future to ISAE 3000 standard.

	FY24	FY23*	%
Total Scope 1 and 2, Business Travel (tCO_2e)	**2,786**	3,216*	**-13.4%**
Intensity ratio – Total Scopes 1 and 2, Business Travel (tCO_2e/Floor Area – sq ft)	**0.00332**	0.00387*	**-14.2%**

* The FY23 SECR has been restated following data enhancement resulting in a more accurate split of total emissions. Further details are included in the SECR disclosure.

We met the target to reduce emissions on an intensity basis of 10% a year. This was due to the success of our business partnering activity, working with managers to find ways to reduce gas and electricity usage. Scope 3 emissions from business travel also reduced in the year.

We have reported on nine additional areas not in our SECR reported emissions that are relevant to our value chain.

	FY24	FY23*	%
Total Scope 3	**370,071**	465,975	**-25.8%**

c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.

We have a target set to reduce our intensity ratio of total Scope 1 and 2 and business travel divided by the total floor space of the business (tCO_2e by sq ft) by 10% a year. This metric allows us to compare performance against previous years if our estate increases. The target helps to manage the risk of increased costs from the demand of energy usage at stores due to charging of EVs and offering charging services to customers. We will set a longer term target as we aim to develop science based targets.

We have linked our carbon reduction target with executive pay, as described in our governance pillar disclosure.

We are working with an external consultant in FY25 to produce a carbon transition plan. This will include a longer term carbon reduction target and a Scope 3 emissions reduction target.

We have not set a target for percentage of revenue from zero emission vehicles as this is driven by manufacturers' sales and the vehicles available on the nearly new market.

Financial review

External headwinds impacted profitability. Business rightsized and good cash generation

> We have relaxed our age and mileage criteria to ensure that we have the vehicles that customers desire and can afford.

Chris Morgan
Chief Financial Officer

Strong final quarter with growth in retail units sold, improved margins and a subsequent return to a profitability, following a challenging year influenced by economic headwinds.

Group financial performance headlines

Revenue reduced to £1,086.6m (FY23: £1,440.2m) reflecting the shrinkage of the nearly new used car market and economic headwinds. Retail units sold fell from 57.3k in FY23 to 52.6k, although we returned to year on year growth in the final quarter. Affordability became an increasingly big issue for consumers, and we prioritised stock mix with less expensive vehicles. Consequently, during FY24, we have relaxed our age and mileage criteria to ensure that we have the vehicles that customers desire and can afford.

Gross profit was £73.1m (FY23: £85.7m). Gross margin improved in the year to 6.7% (FY23: 6.0%), largely due to our focus on improving metal margin, which includes using data to determine optimum pricing at a given time, as well as the introduction of an administration fee, which is now in line with much of the market. Finance commission per vehicle sold reduced, following the fall in the average selling prices and the impact of increased APRs.

Despite inflation, operating expenses before exceptional items reduced by 8.0% to £72.9m (FY23: £79.2m), largely reflecting a decrease in headcount and lower marketing spend.

Net exceptional expense before taxation of £2.2m (FY23: £Nil) largely relates to costs following a one-off restructuring review in the year with the balance relating to the costs of the previously announced Derby flood and related insurance receipts.

	Retail customers		Wholesale customers		Total	
	FY24 £m	FY23 £m	FY24 £m	FY23 £m	FY24 £m	FY23 £m
Revenue	931.1	1,175.7	155.5	264.5	1,086.6	1,440.2
Gross profit	64.3	74.5	8.8	11.2	73.1	85.7

As a consequence of the challenging external conditions, loss before taxation and exceptional items was £(8.2)m (FY23: £(0.3)m).

Despite the lower profitability, and as management took decisive action, net cash excluding lease liabilities, improved to £9.2m at the year end (FY23: £5.6m).

Trading performance

The Group has two key revenue streams, being (i) vehicles sold to retail customers via the Group's stores, call centre and digital channels, and (ii) vehicles sold to wholesale customers via the Group's Auction4Cars.com website.

Retail

Revenue from retail customers was down 20.8% to £931.1m (FY23: £1,175.7m), with 52.6k (FY23: 57.3k) vehicles sold (a fall of 8.2%). The remainder of the revenue fall reflected the lower price of vehicles sold. The year on year trend improved from a fall of 18.4% in the first half, with growth of 8.9% in the final quarter. Consumer demand has picked up, and we have benefited from the numerous enhancements made to our digital presence during the past year which, among other things, is generating significantly more website traffic. In the year, 32.4% of vehicles were sold online and we continue to see around two thirds of customers wanting the store experience for their vehicle purchase.

Gross margin of 6.9% was a good improvement given the headwinds experienced (FY23: 6.3%), with the strengthening of metal margin offsetting the impact of higher APRs on finance commission. We have seen a fall in attachment rates due to the higher cost of finance.

Finance per vehicle sold therefore decreased in the period, following this increase in interest rates and lower price points, reflecting mix and deflation. Penetration was 46% (FY23: 56%). Our APR finance rates continue to be competitive despite increasing from 11.9% to 12.9% at the start of October 2023.

We continue to develop our customer proposition and have added a new three year warranty product which has been well received by our customers and has offset the removal of our asset protection product following FCA instruction to all insurers to voluntarily withdraw the product.

Our 20th and newest store opened in May 2023 in Ipswich. During the year, we also disposed of the lease for our unopened property in Milton Keynes. This was a site we acquired in FY23 but had not incurred any material development costs.

Financial review continued

Wholesale

Wholesale revenue via Auction4Cars.com, which sells vehicles that have been part exchanged by retail customers, or directly purchased from consumers, decreased by 41.2%. With the relaxation of the retail age and mileage criteria, the number of vehicles sold through the wholesale channel significantly decreased. Around 25.4k vehicles were sold via this purely online platform. Gross margin of 5.7% (FY23: 4.2%) improved from the previous year with greater focus on reducing the number of loss making vehicles sold through this platform.

Operating expenses before exceptional items

Our cost management remains tightly controlled, with notable savings achieved in people costs following FY24's rightsizing programme and efficiencies resulting from technology investment.

Operating expenses before exceptional items decreased from £79.2m in FY23 to £72.9m. Despite the new store opened, overall full time equivalent employees reduced to 710 at year end from 789 at 1 April 2023, as we continually focused on efficiency in stores, preparation and Head Office, and rightsized our headcount to reflect market conditions. Energy rates (for the property portfolio at the time) were fixed for two years in September 2021, and we experienced an increase in unit rates from October 2023, therefore. However, following a focused approach to managing usage, along with a milder winter, meant we experienced a reduction of 15% in electric and gas consumption compared to FY23 on a per square footage basis. Property costs increased by 9% and included the opening of the Ipswich store in May 2023, and a full year effect of FY23 openings. Marketing costs decreased from £14.0m to £10.0m as we target a more focused approach, as well as responding to the lower consumer demand for much of FY24.

Other income before exceptional items

Other income before exceptionals of £1.3m (FY23: £0.3m) includes business interruption insurance proceeds in respect of the closure of the Derby site following the flooding in October 2023, and subsequent reduced trading with the opening of the temporary showroom.

Exceptional items

Net exceptional items before taxation of £2.2m (FY23: £Nil) constituted restructuring costs for various redundancies associated with the headcount rightsizing programme (£1.1m), the write down of delivering vehicles which are being disposed for following the driver redundancies associated with the above (£0.2m), and cost relating to the disposal of the Milton Keynes lease (£0.5m), along with the net of assets written off following the Derby flood not covered by insurance.

On a gross basis, exceptional operating expenses were £7.7m (FY23: £Nil) which included the flood damaged assets written off and the restructuring costs. Exceptional other income of £5.6m (FY23: £Nil) included insurance receipts against those written off assets.

Interest

The Group's finance expense was £9.8m (FY23: £7.1m); the increase reflects the sharp rise in cost of borrowing, despite lower inventory.

Total interest charges on the stocking facilities in the period were £7.1m (FY23: £4.7m). Interest on lease liabilities was £2.0m (FY23: £2.0m) and on banking facilities £0.7m (FY23: £0.4m).

Taxation

The tax credit (FY23: charge) in the period is for the amount assessable for UK corporation tax in the year net of prior year adjustments and deferred tax credits. The tax credit was £2.0m (FY23: £0.3m charge), reflecting the loss in the year.

Earnings per share

Basic and diluted earnings per share were both (9.3)p (FY23: both (0.7)p).

Dividends

No dividend was paid in the period (FY23: £Nil) and the Board has not recommended a dividend (FY23: £Nil).

Capital expenditure and disposals

Cash capital expenditure reduced to £2.6m (FY23: £9.4m) as the business preserved cash and cut discretionary spend, with additions primarily relating to the new store in Ipswich and the ongoing IT projects.

Balance sheet

Net assets decreased in the year in line with the loss made. Working capital was proactively managed, in particular ensuring that stock purchasing was fully maximised through the funding facilities.

Non-current assets were £64.4m (31 March 2023: £75.2m) made up of £8.8m of property, plant and equipment, £50.5m of right-of-use assets, intangible assets of £3.7m and a deferred tax asset of £1.4m (31 March 2023: £13.1m, £58.4m, £3.7m and a deferred tax liability of £0.2m respectively). The Group currently owns one remaining freehold plot of land in Glasgow, which is being held for sale. All other properties are on leases of various lengths.

The Group closed the period with £102.4m of inventory, down from £148.6m at 31 March 2023. Days In Stock for the year reduced to 45 days (FY23: 51 days).

As at 31 March 2024, the Group had £150.0m (31 March 2023: £195.0m) of stocking finance facilities available of which £74.5m (31 March 2023: £102.5m) was drawn. The Group had available stocking facilities with Black Horse Limited of £75.0m, and £75.0m with Lombard North Central Plc. During the year it was agreed with Black Horse Limited to reduce the amount available to £75.0m, to reflect the unused portion. In addition, the net asset covenant test was reduced from £30.0m to £20.0m.

The Group also has a £20.0m (FY23: £35.0m) facility with Santander UK Plc, split between £6.0m available as an uncommitted overdraft and £14.0m available as a revolving credit facility. During the period it was agreed with Santander UK Plc to reduce the revolving credit facility from £29.0m to £14.0m. The overdraft remained the same. As part of this negotiation the fixed charge covenant test was reduced from 1.25:1.00 cover to 1.00:1.00 until September 2025.

Trade and other receivables have slightly increased to £19.2m (31 March 2023: £18.4m), due to the timing of receipts over the year end, which coincided this year with the Easter Bank Holidays.

Trade and other payables, inclusive of the stock financing facilities, have reduced during the year to £107.1m (31 March 2023: £143.8m) mainly as a result of the reduction in stocking facility utilisation, reflecting lower inventory levels.

The decrease in total lease liabilities to £57.0m (31 March 2023: £63.6m) reflects the repayments made during the period, and the removal of the Milton Keynes lease.

Cash flow

Despite a loss for the year of £(8.4)m (FY23: £(0.6)m) cash increased by £3.6m. This included the benefit of working capital improvement and low capital expenditure. Cash flow generated from operations was £19.3m inflow (FY23: £41.3m inflow) and therefore remains strong.

Capital structure and treasury

The Group's objective when managing working capital is to ensure adequate working capital for all operating activities and liquidity, including comfortable headroom to take advantage of opportunities, or to weather short term downturns. The Group also aims to operate an efficient capital structure to achieve its business plan.

In January 2024, we announced our intention to commence a share buyback programme of approximately 5% of the ordinary shares of the Company, and to cancel these shares. Even after taking into consideration the capital required to fund organic growth, the Company's cash generation and the strength of its balance sheet has led the Board to conclude that the programme is an attractive use of the Company's resources and beneficial for all shareholders.

As at 31 March 2024, 190,001 shares had been purchased and cancelled, representing 3.8% of the planned buyback programme. Accordingly, the Company's issued share capital at year end comprised 89,999,884 ordinary shares (31 March 2023: 90,189,885).

The Group's long term funding arrangements consist primarily of the stocking finance facilities with Black Horse Limited and Lombard North Central Plc (to a maximum of £150.0m) and an unsecured loan facility provided by Santander UK Plc, split between £6.0m available as an uncommitted overdraft and £14.0m available as a revolving credit facility. During FY24, the Group successfully extended its terms on the unsecured loan facility with Santander UK Plc. This agreement now runs until June 2026 with the option to extend for two further one year extensions if agreed by both parties.

Chris Morgan
Chief Financial Officer
13 June 2024

Risk management

Our approach to risk management

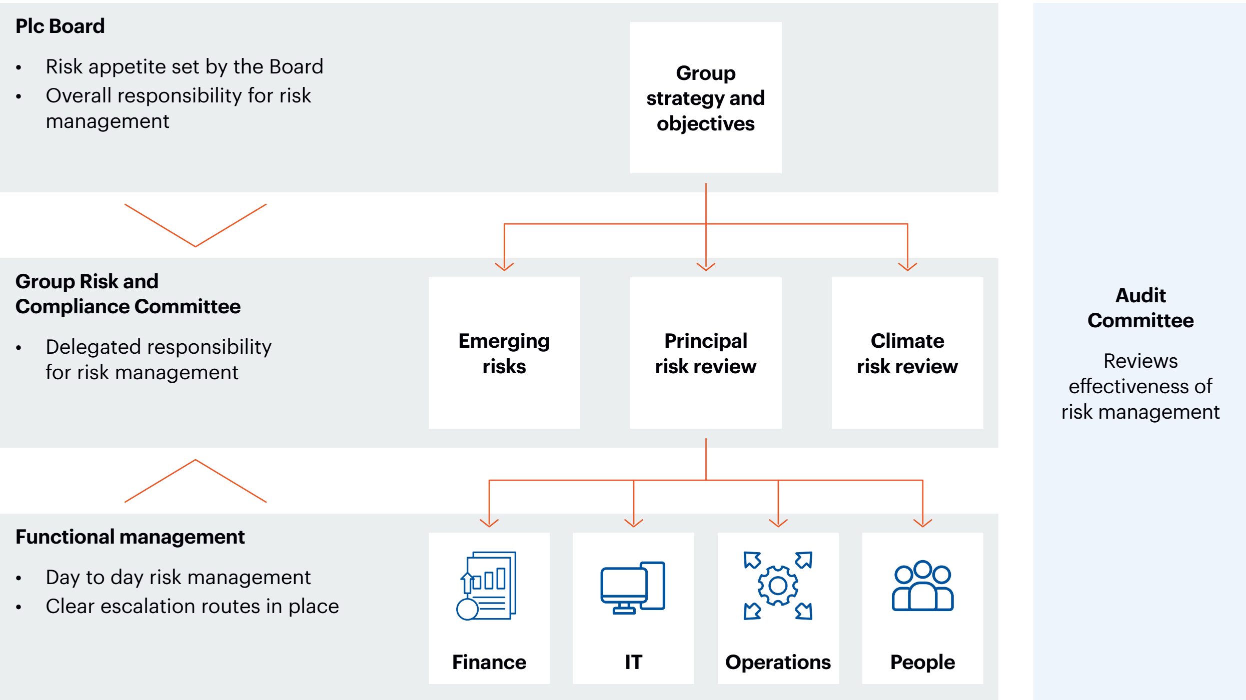
We recognise that effective risk management is essential to ensuring business resilience and maintaining our reputation. Effective risk management ensures the long term success of the Group through empowering decision making, aided by the risk assessment process. We took strong action this year to implement significant, Group wide emergency response planning activity as an enhancement to our business continuity planning. We are committed to maintaining a strong and effective risk management framework underpinned by our core values: Happy, Honest, Supportive and Proud.

Approach to risk management

The Board as a whole is responsible for maintaining a policy of continuous identification and review of the principal risks facing the Group which could threaten its future performance or business model. On behalf of the Board, the Audit Committee reviews the effectiveness of Motorpoint's risk management processes. Motorpoint's risk management strategy is a high priority for the Group, and is underpinned by the Group Risk and Compliance Committee which all risk owners and subject matter experts attend quarterly.

The Group Risk and Compliance Committee has delegated responsibility, from the Audit Committee, for formally identifying and assessing the Group's risks annually, measuring them against a defined set of criteria, and considering the likelihood of occurrence and potential impact to the Group. The Group Risk and Compliance Committee is formed of the Executive Board, risk owning Senior Leadership Team (SLT) members and subject matter experts.

Risk management



Risk management plays an integral part in the Group's planning, decision making and management processes. All team members have a responsibility to ensure they understand the risks in their area of activity and that they implement and operate effective controls to manage the risks.

The Group's risk management approach is summarised as follows:

1. **Identify** potential risks through scanning the external environment, as well as internal processes and the Group strategy.
2. **Assess** and assign a value to the risk to allow it to be prioritised. Assessing likelihood for gross (before controls) and net (after the effect of controls).
3. **Respond** through planning future actions based on the current risk assessment and the target risk level (which will be in line with risk appetite). Risks can be transferred, terminated, tolerated or treated.
4. **Monitor** the development of risks over time through tracking key risk indicators.
5. **Report** back to the SLT through the Group Risk and Compliance Committee to ensure risks are being managed in line with risk appetite.

The Group's risk profile is reported to the Executive Board and Audit Committee for review and challenge, ahead of final review and approval by the Board. These principal risks are then subject to Board discussion during the course of the year, as appropriate. To drive continuous improvement across the business, the Group Risk and Compliance Committee monitors the suitability and adequacy of controls in place and the ongoing status of action plans against key risks quarterly, with a particular focus for those risks considered to be outside of the Group's risk appetite.

Emerging risks

The Motorpoint Group Risk and Compliance Committee assumes responsibility for the identification and assessment of Motorpoint's emerging risks. Our strategy for emerging risks is as follows:

Identification

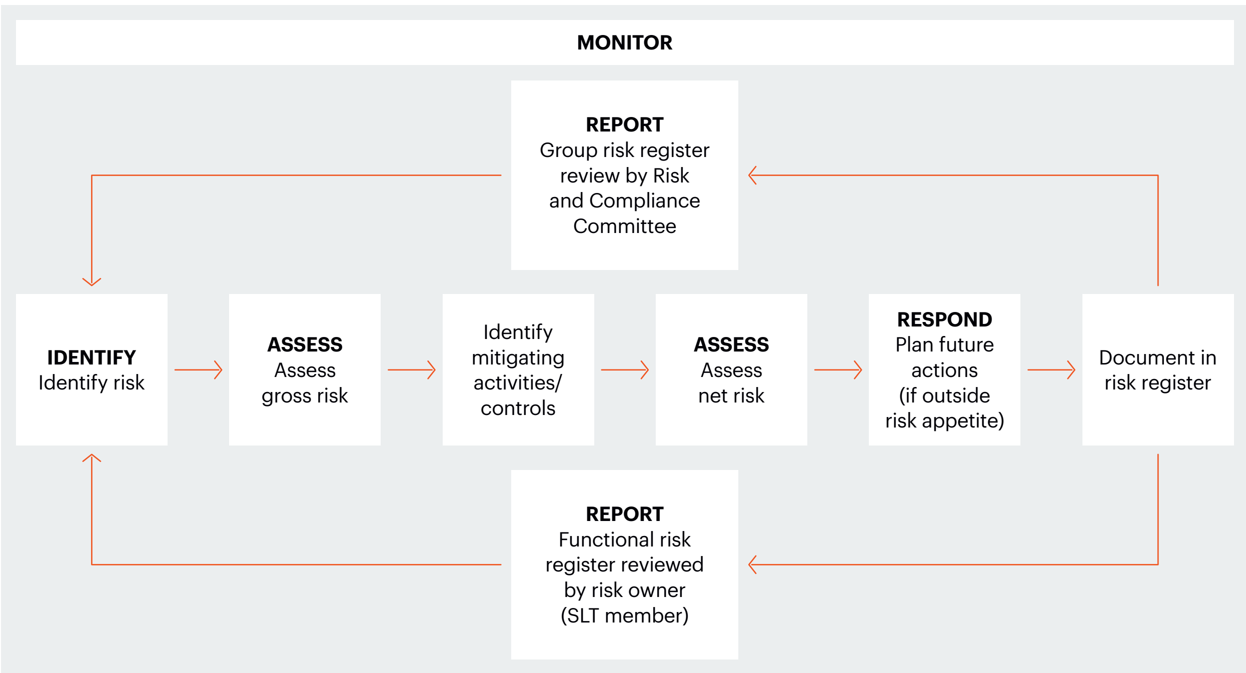
The following activities are completed to identify potential emerging risks:

- Horizon scanning – including the review of construction and distribution media and attendance at industry forums by management, including members of the Group Risk and Compliance Committee. Findings and key messages are discussed as part of the agenda of the Group Risk and Compliance Committee
- External insights – using specialist third parties to identify new and changing risks such as upcoming changes to regulation
- Management meetings – regular Head of Internal Audit and Risk attendance at operational management meetings to discuss potential new risks. This is further supported through business performance reviews conducted by the CEO and CFO to identify risks potentially materialising in business performance

Assessment and reporting

Once identified, emerging risks are assessed as follows:

- Identify and map out the core elements of the emerging risk, including ownership
- Hold workshops with risk owners to assess the level of the potential risk
- Identify potential mitigating actions
- Report on emerging risks to the Audit Committee



Risk management continued

Emerging risks for Motorpoint

Risk and impact	Commentary	Dynamic risk assessment
1. Motorpoint does not adapt effectively to infrastructure requirements for increased demand for zero emission vehicles (and other climate related transition emergent risks)	Previous mitigating actions taken include upskilling our technicians to be able to safely prepare electric vehicles as well as implementing charging infrastructure in our preparation locations. As such, we feel necessary steps have already been taken to handle increased demand for zero emission vehicles	Decreasing
2. Motorpoint does not adapt to new technologies surrounding autonomous vehicle driving	Currently, the technology does not indicate a change to the ownership or change in the use case for private vehicles in the UK. As noted in the first emerging risk, we have a highly adaptable business model and would consider a range of mitigations should this risk increase in likelihood	Decreasing
3. New or existing suppliers choose to sell used vehicles directly to end users	We recognise that the barriers of entry to the market for some of the largest suppliers are lower than a start up entity. However, we are confident that our market share would continue to grow by continuing to be first for Choice, Value, Service and Quality for our customers	Stable
4. An industry disrupter could find a way to sell a used car from person A to person B without taking ownership i.e. a connection charge/agent mechanism	We are confident that by continuing to invest in our brand and offering the best Choice, Value, Service and Quality for our customers that we would remain a trusted retailer for used cars	Stable

How the Board manages risk

The Board and each of its delegated committees operate to a prescribed meeting agenda to ensure that all relevant risks are identified and addressed as appropriate. Key management information is reviewed to prescribe operating controls and performance monitoring against the Company's strategy and business plans.

The Directors have particular responsibility for monitoring the financial and operating performance, to ensure that progress is being made towards our agreed goals. The Board's responsibilities also include assessing the effectiveness of internal controls and the management of risk.

The Board's annual review of the effectiveness of risk management and internal controls

During the year, the Board considered all strategic matters, received key performance information on operating, financial and compliance matters and reviewed the results of corresponding controls and risk management. The Board received from the Audit Committee and the Executive's Group Risk and Compliance Committee timely information and reports on all relevant aspects of risk and corresponding controls. We reviewed all of our key Company policies and ensured that all matters of internal control received adequate Board scrutiny and debate. At Board meetings, and informally via the Chair, all Directors had the opportunity to raise matters of particular concern to them. There were no unresolved concerns in the year.

We concluded that appropriate controls are in place and functioning effectively. The Board considers that the Group's systems provide information which is adequate to permit the identification of key risks to its business and the proper assessment and mitigation of those risks.

Based on the work of the Audit and Risk and Compliance Committees, the Board has performed a robust assessment to ensure that: (i) the principal and emerging risks and uncertainties facing the Group's business have been identified and assessed and are aligned to the Group's business strategies; and (ii) appropriate mitigation is in place. The Board also reviewed the effectiveness of all financial, operational and compliance controls. The Board monitors internal controls through reporting from the Audit Committee and the Executive Group Risks and Compliance Committee. Controls were deemed to be effective in the year.

Principal risks and uncertainties

Details of our principal risks and uncertainties are shown on the following pages. This includes details of mitigating actions and control activities in place to address them. It is recognised that the Group is exposed to risks wider than those listed. We disclose those we believe are likely to have the greatest impact on our business at this moment in time and which have been subject to debate at recent Board or Audit Committee meetings.

Changes to principal risks

During FY24, the Group Risk and Compliance Committee and the Board continued with its role of managing the Group principal risks and where outside of appetite, setting out and monitoring mitigations to bring the risks within appetite.

There were no new emerging risks confirmed by the Board and the Group Risk and Compliance Committee. One emergent risk previously identified around the threat of a subscription model was excluded in the year as it is no longer considered an emergent threat to the business, with subscription models being increasingly scarce following exit of key players in this industry trend. In respect of principal risks, the Board has elected for the first time to include a summary Climate Change as a principal risk that faces the Company, following detailed risk assessment work carried out in the year, more of which can be read around in our TCFD disclosures on pages 52 to 61.

The Group operates a four lines of defence model across its internal controls, these are summarised as follows:

First line

Operational and management controls

- Site management with appropriate team structure and dedicated leadership team reporting line
- Visible, championed values and expected behaviours
- Application of Company policies and procedures
- Employee induction, training and ongoing support
- Executive and leadership team oversight

Second line

Risk and compliance monitoring

- Compliance and Data Protection Officers
- Operational audit activity
- Risk management framework
- External specialists engaged to monitor and report on compliance operations

Third line

Internal audit

- Open culture of challenge to existing processes and whistleblowing hotline
- The work of internal audit, testing first and second lines of defence

Fourth line

External assurance

- The work of independent external assurance providers

Viability statement

The Directors have assessed the prospects of the Group by assessing its current financial position, recent and historical financial performance and forecasts, business model and strategy (pages 8 to 32), and the principal risks and uncertainties set out on pages 72 to 77. In addition, the Directors regularly review the long term prospects of the Group, requirement for headroom on its stocking and banking facilities and its long term lease liability commitments.

Assessment period:

The nearly new and used vehicle retail industry is inherently fast paced and competitive. However, a variety of risk horizons are relevant. Matters relating to ESG and climate risks are assessed over a range of short, medium and long term periods as disclosed in our TCFD section on pages 52 to 61. In addition, the Directors consider the long term financing arrangements of the Group, particularly in respect of leased premises which carry a weighted average remaining term of nine years.

In accordance with the UK Corporate Governance Code 2018, the Board has assessed the prospects of the Group over a period in excess of 12 months from the date of signing the Group financial statements as required by the 'Going Concern' provision. The Directors have assessed the viability of the Group over a three year period, as they believe this strikes an appropriate balance between the different risk horizons over the short, medium and long term which are used in the business and is a reasonable period for considering the Group's viability.

The Group has managed its net debt comfortably, with the revolving credit facility (RCF) undrawn at the year end. Total headroom, including the stocking facilities, undrawn facilities and available cash, was in excess of £100m at the year end. During the year the Company renegotiated the terms of both its revolving credit facility, and stocking facilities, reducing available headroom from £29.0m and £195.0m to £14.0m and £150.0m respectively.

The renegotiation secured improved terms for the Group's financial covenants, following the challenging economic circumstances experienced in FY24, and reflected the Group's current lower financing requirements. The Board considers that the available headroom, coupled with the cash generative nature of the business and the available cash levers provide a strong degree of financial resilience and flexibility.

Scenarios:

In making their assessment the Directors considered the Group's current balance sheet and operational cash flows, the availability of facilities, and stress testing of the key trading assumptions within the Group's plan. A range of scenarios have been assessed by the Directors, including various possible downside scenarios against the base case. The Directors opted to model a specific scenario designed to create the conditions required to breach covenants within the viability period as well as a plausible downturn on the base case.

Scenario	Outcome
Base case Based upon the Group's most recent approved forecasts. The base model assumes a recovery of profitability and unit volumes in FY25, based on current run rates of year on year unit volume growth, and a prudent estimate based on growth in the used car market. Thereafter, modest growth is applied as the business resumes its strategic goal of taking more market share.	The Group is not in breach of any financial covenants and is not in a drawdown position on the revolving credit facility at the end of the viability period. The Group is able to meet all forecast obligations as they fall due.
Plausible downturn Top down stress testing was applied to the base case model, taking into account a plausible downturn in business performance, relative to possible economic pressure and stagnation in the growth of the used car market. This included volume and margin pressure, reducing revenue by 15% and an overall gross profit reduction compared to the base case of 21%. Fixed costs were inflated in this scenario by three percent in each year.	The Group is not in breach of any financial covenants and is not in a drawdown position on the revolving credit facility at the end of the viability period. The Group is able to meet all forecast obligations as they fall due.
Reverse stress test A scenario created to model the circumstances required to breach the Group's banking covenants within the viability period. The Board considered the potential impacts in preparing the stress test. The below scenario was analysed: Reducing revenue 32% decrease from the base case and decreasing gross profit overall by 38% through additional margin pressure.	This scenario is designed to result in a covenant breach within the assessed viability period. Management believes that the combination of severe downsides to be remote, and that there are numerous mitigating factors over and above those built into the reverse stress test modelling which the Board would consider to avoid a covenant breach.

Conclusions over viability:

The selection of the assumptions or the sensitised case is inherently subjective, and whilst the Board considered these assumptions to reflect a downside scenario, the future impact of economic downturn, interest rate rises or inflating overhead costs is impossible to predict with absolute accuracy.

Whilst the same applies to the reverse stress test, we note that this scenario is specifically designed to demonstrate the point at which the covenants breach during the viability period. The reverse stress test reflects, in the Board's opinion, a remote circumstance and numerous mitigating factors could be implemented to avoid a covenant breach in this scenario.

Scenario modelling has been considered throughout the year and at year end by management to formulate response options against moderate or severe downturns in sales volumes, potential margin pressures and possible cost challenges.

The Group's available headroom stands at £14.0m (FY23: £29.0m) through its revolving credit facility 'RCF' agreement. The Group also has an uncommitted overdraft facility of £6.0m which remains in place and was undrawn at the year end. Both are until June 2026 with the option to extend for two further one year extensions if both parties are agreed. The Group's finance arrangements will be reviewed in the ordinary course of business in 2026. With respect to the Group's stocking facilities, these have reduced from £195.0m to £150.0m during the year which the Board deem appropriate given current market conditions.

The Directors took action in the year to obtain covenant relief for its RCF agreement and for one of its stocking loans, reflecting a response to the reduction in overall headroom against covenants in FY24. The relief obtained has been agreed until the end of September 2025 for the RCF and an indefinite relaxation was agreed on the net assets covenant with Black Horse Limited in relation to its stocking loan facility. The specific details are disclosed in the notes to the accounts on pages 132 to 161.

In the eventuality of a period of prolonged economic downturn resulting in material reductions in sales volume or prices, as well as rising overhead costs, it is possible that the Group would need to negotiate changes to its current banking covenants, but such an extreme downturn is not currently considered plausible.

The Group continues to consider and monitor further potential mitigation actions it could take to strengthen its cash position and reduce operating costs in the event of a more severe downside scenario. Such cost reduction and cash preservation actions would include but are not limited to: reducing spend on specific variable cost lines including marketing and store trading expenses; team costs, most notably sales commissions; pausing new stock commitments; and reviewing expansionary capital spend, dividends and share buyback activity.

The Group has continued to demonstrate a flexible approach to trading and despite the ongoing constriction in the supply of nearly new vehicles, which is expected to slowly ease, the Group has been able to use its market position to access more stock to satisfy customer demand, both online and in store.

The Directors have also made use of the post year end trading performance to confirm that performance is in line with expectation. Whilst only a short period has passed since the year end, this evidence suggests that this is the case.

Based on this assessment, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2027.

The Board has determined that the three year period constitutes an appropriate period over which to provide its Viability Statement. This is the period detailed in our base case model which we approve each year as part of the strategic review. Whilst the Board has no reason to believe the Group will not be viable over a longer period, given the inherent uncertainty involved we believe this presents users of the Annual Report and Accounts with a reasonable degree of confidence while still providing a medium term perspective.

Principal risks and uncertainties

Dynamic risk assessment ↑ Increasing ↓ Increasing ↔ Stable

Risk and impact	Mitigating controls	Progress made in FY24

Competition, market and customers ↔

Risk and impact

The UK vehicle market is highly competitive, and customers have a broad choice of retailers, some of which offer comparable products. The market continues to see consolidation and innovation, through which our competitors have progressed their propositions.

Concurrently, customer expectations and buying patterns are evolving, with the traditional research and purchase channels becoming ever more influenced by digital media, peer recommendations and convenience.

Failing to stay ahead of the market or to adapt to changing customer behaviours faster than the competition could undermine our ability to meet our objectives and adversely impact profitability.

Mitigating controls

- Continue to offer an omnichannel proposition
- Continue to compete via our business model's consistent focus on Choice, Value, Service and Quality; each of these cornerstones is built into the business operation and reporting. For example, customer satisfaction ratings are used in the calculation of all bonuses or commissions across the business
- Continued Investment in bringing brand marketing, digital engineering, data insight capability in-house to raise awareness of Motorpoint and meet customer needs, including with respect to EVs and climate change related data, such as emissions produced by cars that are sold
- Investment in supply chain capacity and capability, and delivery of productivity improvements to enable us to compete effectively and allocate resource to growth driving activity.
- Commission regular customer insight reports to track performance against the market, competitors, and other key indicators

Progress made in FY24

- Targeted sales campaigns despite cost pressure restricting investment levels to lower levels in FY24 than in FY23
- Numerous improvements to website to highlight the attractiveness of Motorpoint vehicles and brand
- Increased brand awareness through a renewed nationwide TV advert campaign

Brand and reputation ↔

Risk and impact

In order to maintain our position as the UK's leading omnichannel used vehicle retailer we must continue to invest in engaging brand and digital marketing campaigns, as well as innovating the website experience, to ensure that Motorpoint is the primary destination for existing and new customers when starting their next vehicle purchase journey.

Understanding the motivations and needs of our current and future customers is paramount. We recognise and welcome the fact that customers are looking for a trusted brand when buying a used car. Ensuring we can communicate at scale our industry leading proposition is vital to protect and position.

Well documented challenges around vehicle supply, finance and the transition to EVs mean we have to maintain an active dialogue on these subjects to inform and reassure our customers and when appropriate, enable customers to delve deeper either via our website or social channels.

With reputation taking years to build but potentially days to lose we recognise that we are always at risk of unwanted traditional and social media scrutiny which can negatively impact our reputation.

Mitigating controls

- We continue to offer an omnichannel proposition that we believe unmatched on price, quality, value and service
- Motorpoint continued to invest in its in-house digital marketing capabilities rather than rely on an agency model. This improved capability has delivered tangible results with improved campaign performance and ROI but also medium term strategic opportunities

Progress made in FY24

- Further distinctive website creative and functionality mean we can more effectively communicate our core value propositions of Choice, Value, Service and Quality
- Customer satisfaction, measured using the NPS system, sits at the heart of our operations and is subject to regular scrutiny across all levels of the business
- We closely monitor customer perceptions using both qualitative and quantitative feedback and respond quickly where possible
- We recognise the importance of regularly assessing and testing the resilience of our internal and external communication protocols in the event of a 'reputational PR' incident. This approach is continuously under review and we are also looking at ensuring we have a robust business recovery communication framework in place

Risk and impact	Mitigating controls	Progress made in FY24

Availability and terms of customer finance

Risk and impact	Mitigating controls	Progress made in FY24
Vehicle sales volumes rely on our customers being able to access affordable credit lines. As such, the Company is exposed to the risk of lending institutions reducing, terminating, or materially altering the terms and conditions on which they are willing to offer consumer credit to the Company's customers. Commission income generated by the Company acting as a regulated credit broker could be impacted if either the number of such arrangements reduces, or the structure and amount of commissions earned is altered.	• Continue to drive for the best outcome for the customer across our product range • Constantly monitor the market and emerging trends • Work in conjunction with our partners to keep our consumer credit offer relevant, competitive and viable • Where possible reinvest in the quality of the customer offer, preferring to build its appeal rather than maximise our commission rates	• Customer finance offering held for a significant portion in the year despite increases in the cost of money • FCA Consumer Duty controls in place working with partners to ensure our products provide the best possible outcome for our customers

Supply chain disruption

Risk and impact	Mitigating controls	Progress made in FY24
Sales/profitability and customer satisfaction could be impacted by supply chain disruption or loss of access to key suppliers.	• Use of a broad spread of supply channels, within each of which are longstanding relationships • Employment of an experienced buying team which is responsible for maintaining an efficient and effective supply chain • Able to utilise our buying criteria within the scope of our retail proposition (age and mileage of vehicles) to access more supply if required • Business continuity plans in place for all Motorpoint physical locations • We seek to limit dependency on individual suppliers by actively managing key supplier relationships	• A further store opened in May 2023, ensuring more target markets are within a 30 minute drive of a Motorpoint store • New logistics provider implementing data and modern processes to improve all aspects of internal moves of vehicles. Providing an increase in delivery frequency driving SLAs down across all sites • Home delivery fleet decommissioned for a PAYG model using a third party partner

Principal risks and uncertainties continued

Dynamic risk assessment ↑ Increasing ↓ Increasing ↔ Stable

Business resilience

Risk and impact	Mitigating controls	Progress made in FY24
Failure to withstand the impact of an event or combination of events that significantly disrupts all or a substantial part of the Group's sales or operations. We note that in FY24, owing to a difficult year in terms of profitability, headroom decreased against covenants. Although our cash position remains strong, it is appropriate to designate this risk as increasing. This risk includes the risk of a lack of business resilience in the event of: significant fire or flood, external economic pressures and inflation causing significant reduction in UK consumer spending, further risks of economic shutdowns from a new or resurgent pandemic, economic downturn due to global conflict causing material price rises and energy price increases, and material cost inflation.	• Internal control and risk management process in place to identify and manage risks (including emerging risks) that may impact the business. This includes horizon scanning for potential risks and early identification of mitigations against potential rising costs, falling sales volumes and business readiness in the event of shutdowns • Conservative financial approach – resilience and flexibility built into the operating model, balanced levels of structural debt, low risk property portfolio and 'value for money' mentality • Strong and united Board and management team in place, experienced managers in key roles and committed colleagues • Strong relationships maintained with key stakeholders (shareholders, colleagues, customers, suppliers, community) • Business continuity plans in place and kept up to date for stores, operations and technology • Insurance cover in place to cover key risks, where applicable. Particular focus on cash flow management • Expert third party advisors in place (e.g. corporate PR, corporate, banking, legal) to assist	• Whilst facility limits were reduced on stocking and RCF facilities in the year, the facility limits remain appropriate with headroom available should the business suffer a shock in the market or experience significant disruption • Emergency response plans have been updated to enhance our business continuity plans and rolled out Group wide • Swift action taken in the year to rightsize the operations of the business in face of the economic headwinds faced this year, ensuring ongoing resilience

Finance and treasury

Risk and impact	Mitigating controls	Progress made in FY24
Growth constrained by lack of access to capital/financial resource. We note that the economic conditions in FY24 have resulted in reduced headroom against bank and stocking facility covenants, and covenants were negotiated in the year. Hence, this risk area is given an increasing dynamic risk assessment. The reduction in the amount of the stocking loans is appropriate given the fall in used vehicle valuations in the year.	• Motorpoint uses a selection of finance facilities to fund its operations including a stock financing facility secured against its retail vehicle stock • The Group has an uncommitted £6.0m overdraft and a £14.0m Revolving Credit Facility in place until June 2026 • A treasury policy and set of processes are in place to govern and control cash flow activities, including the investment of surplus cash • Freight and energy prices are agreed in advance where applicable, to help mitigate volatility and aid margin management • Forward looking cash flow forecasts and covenant tests are prepared to ensure that sufficient liquidity and covenant headroom exists	• Actions continue to improve controls around stock and cash management, including stock purchasing, forecasting and use of the stocking facilities • Covenant terms were successfully negotiated with lenders during the year in response to FY24 financial performance and available headroom • Despite a reduction in availability, in both stocking loan and size of the revolving credit facility, we remain confident in the financial position of the Group. We believe current credit availability is appropriate for the ongoing financial and treasury management of the Group

IT systems, data and cyber security

Risk and impact	Mitigating controls	Progress made in FY24
Operations impacted by failure to develop technology to support the strategy, lack of availability due to cyber attack or other failure, and reputational damage/fines due to loss of personal data.	• Formal IT governance processes in place to cover all aspects of IT management • Changes to IT services are managed through a combination of formal programmes for large and complex programmes, or bespoke iterative development methodologies for smaller scale changes • A detailed IT development and security programme roadmap is in place, aligned to strategy • Comprehensive third party support in place for relevant technologies • Business continuity in place for all major systems and applications • Regular vulnerability scans, annual penetration testing with systematic methodology to treat identified threats • Capability to scan for advanced persistent threats. Within 24 hours, identification of applicable threats is known and remediation scheduled • Business process, authorisation controls and access to sensitive transactions are kept under review	• Significant investment in digital transformation is continuing, upgrading and replacing legacy systems • Ongoing actions in respect of network refresh programme, hardware refresh programme and strengthening our change management controls • Strengthened and renewed the data protection policy • Group wide refresh and rollout of Data Protection and GDPR mandatory training • Further recruitment into IT Security team • New capability to scan for advanced persistent threats. Within 24 hours, identification of applicable threats is known and remediation scheduled • Investment in industry leading product suites to enable cyber and data security advancements • Progress made completing the Cyber Essentials Plus certification

Regulatory and compliance

Risk and impact	Mitigating controls	Progress made in FY24
Fines, damages claims, and reputational damage could be incurred if we fail to comply with legislative or regulatory requirements, including consumer law, health and safety, employment law, GDPR and data protection and the Bribery Act. The Company also has various FCA permissions to carry on a range of regulated insurance and consumer credit activities from which it derives income. There is a risk that increased regulation or restrictions on the sales process or nature of these products would restrict the income available to the Company. We note the FCA's review into commission disclosure, which means this risk is assessed as increasing, despite other mitigating activity in the year. Following their review, changes could be recommended, and we continue to keep close to developments.	• Operational management are responsible for liaising with the Company Secretary and external advisors to ensure that new legislation is identified, and relevant action taken • Training on the requirements of the Bribery Act and anti money laundering policies are in place for all relevant colleagues and policies are communicated to all suppliers • Whistleblowing procedure and independently administered helpline which enables colleagues to raise concerns in confidence	• Continued focus in the year from the Group Risk and Compliance Committee ensuring robust regular oversight and review of compliance matters by the SLT. Continued to conduct horizon scanning processes to identify changes in regulatory expectations • Legal register refreshed and circulated in the year with monitoring controls developed • Change in the regulated product offering at the end of the year, with fewer regulated products now sold by the business, reducing the risk of FCA impact on future product sales

Principal risks and uncertainties continued

Dynamic risk assessment Increasing Increasing Stable

Risk and impact	Mitigating controls	Progress made in FY24
People and culture (Stable)		
The success of the business could be impacted if it fails to attract, retain and motivate a diverse team of high calibre colleagues. Maintaining and evolving the culture of our business (embodied in our shared values) is essential to delivering our strategy and ensuring the long term sustainability of our business.	• Our commitment to becoming a truly amazing place to work and the application of our Virtuous Circle is our biggest defence ensuring we have a highly engaged, high performing team and attrition is minimised • Our commitment to Diversity, Equity and Inclusion has been reaffirmed in our SLT strategy and commitments • The composition of the Executive team is regularly reviewed by the Board to ensure that it is appropriate to deliver the growth plans of the business • The Group's Remuneration policy detailed in this report is designed to ensure that high calibre executives are attracted and retained. Lock in of senior management is supported by awards under the Long Term Incentive Plan • Monitoring of Key Risk indicators such as retention rate % and employee satisfaction through internal and external surveys • Workplace, the Motorpoint social media platform drives engagement and interaction across the business for our business	• Continued Group Board focus on Board and Executive team succession and talent management • The SLT has continued its work with an external consultant to develop our DEI strategy and have created their commitments to become an even more inclusive place to work • Discount offered again this year (10%) for the annual share scheme programme to all employees • Set up and launch of Knowledge Hub within our Workplace tool acting as a shared database of key process around the business
Health, safety and welfare (Stable)		
The risk that accidents, hazards or incidents are caused by unsafe practices at work, resulting in injury or death to customers, employees or third parties.	• Health, safety and environment (HS&E) training for all new starters, with additional role specific training for employees in stores • Incident management processing to ensure major incidents are dealt with appropriately and problems are logged and actively progressed to resolution • Undertake risk and control assessments to monitor compliance • Continually monitor our mandatory regulatory training to ensure that all colleagues are kept informed • Incidents are reported online, via a reporting tool. Line management deal with minor incidents. Major incidents are escalated to the SLT who are supported by third party expertise • Risk assessment is managed in the following ways: line management in the stores have a number of online risk assessment checklists to verify the relevant controls are in place; and higher level risk assessments are carried out on workshop activities by an expert third party – including Hand Arm Vibration and Control of Substances Hazardous to Health • A separate, expert third party also carries out higher level risk assessments covering store transport safety, gates and barriers as well as fire risk assessments	• Implemented new and updated responsibilities; responsible, accountable, consulted, and informed (RACI) matrix clearly setting out roles and responsibilities in respect of HS&E across all locations • Development of HS&E policies, procedures and standard statements of work (SSOWs) to provide complete coverage of HS&E risk to the business • Revised process implemented for near miss and accident reporting rolled out across all stores • Toolbox Talks developed and put into place, across a range of HS&E topics, to generate further buy in with store and preparation managers across the business

Risk and impact	Mitigating controls	Progress made in FY24
Climate change and environment		
Failing to positively change our impact on the environment would fall short of the expectations of our customers, colleagues, shareholders, and other stakeholders which could lead to reputational damage and financial loss. In addition, an inability to anticipate and mitigate climate change and other environmental risks could cause disruption in our stores and supply chain as well as increased insurance premiums. This, and potential transition risks related to environmental taxation, could result in higher costs, and potential loss of customers. Our climate risk register is set out for the year on pages 55 and 56 within our TCFD disclosures. We note the events concerning the flood in Derby. The event has resulted in an increase in insurance premiums, and limited inventory cover at that site. Whilst we do not anticipate further events, we note that the chances of increased physical damage to our stores means that in the long term, climate change is assessed as an increasing risk.	• Annual targets in place to reduce emissions, energy usage and waste to landfill, and increase recycling in our operations • CFO leads the internal ESG Committee that oversees progress against environmental targets which in tandem with the Group Risk and Compliance Committee oversees climate risk including emerging risks, challenges and opportunities • Regular horizon scanning conducted to keep abreast of regulatory change and stakeholder sentiment • Regular monitoring of the climate risk register with discussion at SLT • Regular modelling performed on future outlook of Climate Change impacts on the business	• Rollout of emergency response and incident management plans across the Group to ensure stores are well defended from physical effects of climate change as far as practicably possible • Detailed modelling work undertaken on Climate Change as well as review of climate risk register undertaken by third party • Focus on inventory levels and flood mitigation plans at Derby store, to ensure minimal risk for any assets not covered by insurance

Non-financial and sustainability information statement

The following summarises where you can find further information on each of the key areas of disclosure required by sections 414CA and 414CB of the Companies Act. The Companies (Strategic Report) (Climate related Financial Disclosure) Regulations 2022 amend these sections of the Companies Act 2006, placing requirements on the Group to incorporate climate disclosures in the Annual Report. We believe these have been addressed within this year's climate related disclosures and as such we have referenced the location of these within our statement on TCFD.

Environmental matters

Stakeholder engagement: community and environment	Read more / page 35 and 36

Climate change risk

a.	a description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities;	Read more / pages 52 to 54
b.	a description of how the company identifies, assesses, and manages climate-related risks and opportunities;	Read more / page 60
c.	a description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process;	Read more / page 60
d.	a description of:	
	i. the principal climate-related risks and opportunities arising in connection with the company's operations, and	Read more / pages 55 to 57
	ii. the time periods by reference to which those risks and opportunities are assessed;	Read more / pages 54 to 60
e.	a description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy;	Read more / pages 55 to 57
f.	an analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios;	Read more / page 58
g.	a description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and	Read more / page 60 and 61
h.	a description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based.	Read more / page 60 and 61

Streamlined Energy and Carbon Reporting	Read more / pages 40 to 42
Energy efficiency actions	Read more / pages 39 to 42
Going green	Read more / pages 39 to 42

Our team are also working on a range of projects focused on improving the sustainability of the business and our impact on the environment.

Related principal risk:

Regulatory and compliance; Climate change and environment	Read more / page 75 and 77

Company's employees

At a glance	Read more / page 44
Our operating model begins with our team	Read more / page 4
Our core values	Read more / page 17
Our stakeholders	Read more / page 34
Winning culture	Read more / page 47
Supporting employee wellbeing	Read more / pages 47 to 49

The Company has various employee centric policies and guidance including: Employee Handbook; HR Policies including equal opportunities; anti bullying and harassment; whistleblowing; enhanced maternity leave; paternity leave; health, safety and welfare; data protection; and privacy.

Related principal risk:

IT systems, data and cyber security; People and culture;	Read more / page 75 and 76

Social matters

Investing in our communities	Read more / page 48 and 49
Supporting great causes	Read more / page 48 and 49
Anti corruption and anti bribery matters	Read more / page 50

Related principal risk:

Brand and reputation; Business Resiliance; Regulatory and compliance	Read more / page 72, 74, and 75

Respect for human rights

Real living wage	Read more / page 34
Modern slavery	Read more / page 51
Treating customers fairly	Read more / page 50

Related principal risk:

Brand and reputation; Regulatory and compliance; People and culture	Read more / page 75 and 76

Anti corruption and anti bribery matters

Whistleblowing hotline, anti corruption and anti bribery	Read more / page 50

Related principal risk:

Regulatory and Compliance	Read more / page 75

Investment case

Read more / page 6 and 7

Non-financial KPIs

Read more / page 26

Business model

Read more / page 8

The Board remains committed to delivering sustainable and profitable growth.

John Walden, Chair

Governance

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Board of Directors

Experienced team delivering long term value

John Walden
Independent Non Executive Chair and Chair of the Nomination Committee

N

Mark Carpenter
Chief Executive Officer

N E

Chris Morgan
Chief Financial Officer

E

	John Walden	Mark Carpenter	Chris Morgan
Appointment	January 2022	April 2016 (CEO since May 2013)	January 2021
Background and career	John has held prior roles including Chair and Non Executive Director of SCS Group Plc, Chair of Snowfox TopCo Ltd (Guernsey), Chair of Naked Wines Plc, Chair of the Jersey parent company of Holland & Barrett International, and Non Executive Director of Celine Jersey Topco Ltd, the Jersey holding company of Debenhams. John was also an executive director at FTD Companies. John served as CEO of Argos and its parent company Home Retail Group Plc, and he has held several senior roles with Best Buy Co. including EVP and president of the internet division. John has been a driving force in omnichannel and consumer driven retailing, as well as leading digital and transformational change, both in the UK and US.	Mark was appointed as Chief Executive Officer in May 2013 following two years as CFO, and has almost 20 years' experience in motor retail. Mark was previously Finance Director of Sytner Group Limited from 2005 to 2010. Prior to this, Mark was with Andersen, where he qualified as a Chartered Accountant.	Chris was appointed Chief Financial Officer in January 2021, and is also the Company Secretary for Motorpoint Group Plc. Chris was formerly group finance director at Speedy Hire Plc. Prior to this Chris held senior finance leadership positions at Go Outdoors and Tesco, where he was latterly the finance director for the Czech Republic and Slovakia. Chris is a Fellow of the Institute of Chartered Accountants in England and Wales.
External roles	John is the Founder of Inversion LLC.	None	None

Committee membership key

A Audit Committee
R Remuneration Committee
N Nomination Committee
E ESG Committee
● Committee Chair

Mary McNamara
Senior Independent Non Executive Director and Chair of the Remuneration Committee

A R N E

May 2016 (appointed as Senior Independent Director in October 2016)

Mary was CEO of the commercial division and board director of the Banking Division at Close Brothers Group Plc.
She spent 17 years with GE in a number of leadership roles, including CEO of the European Fleet Services business.
Mary has also spent time with Skandia and 14 years at Harrods.

None

Adele Cooper
Independent Non Executive Director and Chair of the ESG Committee

A R N E

March 2020

Adele has extensive marketing and senior leadership experience, having worked at some of the world's leading technology companies, most recently at Pinterest from June 2015 to December 2019. While at Pinterest, Adele was responsible for the UK and Ireland, overseeing strategic, commercial and operational management. Prior to this, Adele has been with Facebook and Google in a lead global relationship role and a variety of regional and global lead roles in marketing and operations. Adele held the post of Chief Revenue Officer at &Open until May 2024.

Adele has been a Non Executive Director of Conjura Ireland Limited since 2020, and was appointed a Non Executive Director of Premier Lotteries Ireland on 1 April 2024.

Keith Mansfield
Independent Non Executive Director and Chair of the Audit Committee

A R N E

May 2020

Keith was appointed to the Board of Motorpoint Group Plc as Independent Non Executive Director in May 2020.
A Chartered Accountant by background, Keith brings extensive accountancy experience, having worked at PwC for over 30 years, during which time he served as Chair of PwC in London responsible for assurance, tax and advisory services. As a partner for 22 years, he has led services to public and private companies across a range of industry sectors.

Keith is a Non Executive Director of Tritax Eurobox Plc, where he chairs the Audit Committee and is a member of the Management Engagement Committee. Keith is also the Chair of Albemarle Fairoaks Airport Limited and a Non Executive Director on the boards of Martins Investment Holdings Ltd, Martins Development Holdings Ltd and Martins Financial Holdings Ltd. Keith was appointed as a Director of Fairoaks Airport Holdings Limited in May 2023.

Introduction to governance

Chair's introduction

> Our priorities are focused on building sustainable and profitable growth, underpinned by strong and effective governance.
>
> **John Walden,**
> Chair

Dear Shareholder,

I am pleased to present my Corporate Governance review for Motorpoint for FY24. The aim of this report is to explain Motorpoint's governance framework and outline how it was applied on a practical basis over the last year.

During the last year the Company has had to contend with continued economic headwinds, with high levels of inflation, interest rates and consumer uncertainty continuing to affect demand for used cars. The Company's lean cost base positioned it to weather this turbulence, and the correction in values seen during the second half of FY24 points towards recovery during the year ahead, as the used car market begins to normalise.

The Board remains committed to delivering sustainable and profitable growth and pursuing the strategy set out earlier in this report. Despite the ongoing challenges to profitability, we have continued to make good progress against our strategic objectives, and believe we have the strength and agility to harness the opportunities as the market recovers.

As a Board, we are conscious that we are accountable to all our shareholders and hold a position of responsibility to valued stakeholders including employees, customers, suppliers and the environment. We maintain an active dialogue with shareholders throughout the year and listen to views of representatives of investors and financial institutions. We also welcome the opportunity to answer shareholders' questions at our 2024 Annual General Meeting (AGM).

ESG

We are committed to an ESG agenda which aims to exceed our stakeholders' expectations. The ESG Committee has met on three occasions to develop, implement and monitor our ESG strategy, as well as oversee and support stakeholder engagement on ESG matters. The past year has seen the Company make significant strides in this arena, including recognition as one of Europe's climate leading companies by the Financial Times thanks to reductions in core emissions year on year, and transparent reporting of Scope 3 emissions. This prestigious external validation of the Company's achievements is reflective of our increased strategic focus on ESG, and the Board remains committed to continuous improvement in this area.

Board changes

There have been no changes to the membership of the Board over the last year.

Biographies for each of the current Directors are set out on pages 80 and 81. The progress in talent development and diversity can be found on pages 91 and 92.

Compliance statements

Throughout the year ended 31 March 2024, the Company has complied with all the provisions as set out in the 2018 Corporate Governance Code (2018 Code) (a copy of which is available on the Financial Reporting Council's website at www.frc.org.uk).

Share buyback programme

In January 2024, we announced our intention to commence a share buyback programme of approximately 5% of the ordinary shares of the Company, and to cancel these shares. Even after taking into consideration the capital required to fund organic growth, the Company's cash generation and the strength of its balance sheet has led the Board to conclude that the programme is an attractive use of the Company's resources and beneficial for all stakeholders.

Our effectiveness

Every year we perform a review of the effectiveness of the Board. In early 2024 we carried out an internal Board effectiveness review, with participation from all members of the Board. The findings show that the work we do as a Board and in our committees continues to be effective and shows continuous self reflection and improvement. Our review also confirmed that our focus in the coming year will continue to be on succession planning at Board and senior leadership level whilst factoring in our diversity, equity and inclusion objectives, engaging with the wider Senior Leadership Team throughout the year and evolving the Board development programme.

Board priorities

Our priorities for next year are very much focused around continuing to build sustainable and profitable growth in the Group as the market recovers and delivering on our strategic plan, all underpinned by strong and effective governance.

John Walden
Chair
13 June 2024

Corporate governance report

Board leadership and purpose

The role of the Board
The Board sets the Company's strategic aims and ensures that the necessary resources are in place to allow the Company's objectives to be met in a responsible and sustainable way that supports long term growth. It is also responsible for corporate governance and the overall financial performance of the Group. The Board establishes the Company's culture, values and ethics; leading by example in modelling expected behaviours and standards and devoting sufficient time and attention to the Directors' roles.

The current Board comprises the Chair, three independent Non Executive Directors (including a Senior Non Executive Director) and two Executive Directors.

Roles and responsibilities

The Chair's role
The Chair's primary role is the leadership of the Board. By ensuring that the Directors receive accurate, timely and clear information they are key in cultivating a boardroom culture of honesty and openness which encourages debate and constructive challenge, and facilitates an environment within which the Non Executive Directors are supported to make an effective contribution. The Chair sets the Board's agenda and ensures sufficient time is allocated for the discussion of all agenda items. The Chair also consults with the Non Executive Directors, in particular the Senior Independent Director, on matters of corporate governance and ensures all Directors are made aware of any major shareholders' issues and concerns.

The Board is satisfied that the Chair fulfils their responsibilities in enabling the Board to make sound decisions.

Chief Executive Officer's role
The Chief Executive Officer (CEO) is responsible for the day to day running of the Group's business, including the development and implementation of strategy and decisions made by the Board, as well as the operational management of the Group.

Chief Financial Officer's role
The Chief Financial Officer (CFO) is responsible for the Group's financial activities, including control, planning and reporting, and also contributes to the broader management of the Group's business. The CFO supports the CEO with the development, implementation and tracking of the Group's strategy.

Senior Independent Director's role
The Senior Independent Director acts as a sounding board to the Chair and serves as an intermediary for the other Directors when necessary. The Senior Independent Director is available to shareholders to assist with addressing any concerns that may arise.

The Senior Independent Director also meets with Non Executive Directors without the Chair present at least annually and conducts the annual appraisal of the Chair's performance, providing feedback to the Chair on the appraisal outputs.

Independent Non Executive Directors
The Non Executive Directors bring independence, and a broad mix of business skills, knowledge and experience to the Board. They provide an external perspective to Board discussions and are responsible for holding the Executive Management team to account on behalf of shareholders. The Non Executive Directors constructively challenge Board discussions and help develop proposals on strategy. The independent Directors meet at least once annually without the presence of the Executive Directors.

Non Executive Directors monitor the reporting of performance and ensure that the Company is operating within its agreed governance and risk framework.

The Company Secretary's role
The Company Secretary ensures that effective two way communication flows between the Board and its committees and between senior management and the Non Executive Directors. The Company Secretary is responsible for ensuring that the Board operates in accordance with the Company's corporate governance framework.

The appointment and removal of the Company Secretary is a matter for the whole Board.

Matters reserved for the Board
To retain control of key decisions and ensure that there is a clear division of responsibility between the Board and the day to day operations of the business, the Board has a formal schedule of matters reserved for its decision. These reserved matters include financial reporting, investment appraisal and risk management. The matters were reviewed by the Board in July 2023 to ensure they were aligned with the 2018 Code and remain appropriate for the needs of the business.

Board committees
The Board operates several committees to support it in carrying out its duties. Further information about the work carried out by these committees can be found on the following pages:

- Audit Committee (pages 86 to 89)
- Nomination Committee (pages 90 to 93)
- ESG Committee (page 94 and 95)
- Remuneration Committee (page 96 and 97)

Board focus during the year
The Board holds regular scheduled meetings each year, and additional strategy sessions which are usually held off site. The meetings were held in a hybrid format again this year, with some attended in person and others held virtually.

Key areas of focus during the year were:

Strategy
- The Board regularly reviewed progress against the Strategic Plan
- Overseeing investor relations and communications
- Monitoring strategic growth opportunities such as technology and customer service investment, cost base efficiencies and exploration of other growth opportunities

Corporate governance report continued

Financial

- Approved the full year results announcement and the Annual Report for the 2023 financial year. In doing so, the Board considered that the Annual Report, taken as a whole, was fair, balanced and understandable, and provided the information necessary for shareholders to assess the Group's and Company's position, performance, business model and strategy
- Post year end, the Board approved the full year results announcement and the Annual Report for the 2024 financial year. In doing so, the Board considers that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's and Company's position, performance, business model and strategy
- Continued suspension of the payment of any dividends
- Approved the Budget for FY25
- Approved the half year results, full year results and trading updates
- Review of Group cash position and forecasting, and the approval of the banking extension through to June 2026. Approved changes to facility levels and covenant tests
- Monthly performance reporting and review

Internal control and risk management

- Reviewed the effectiveness of the Group's risk management and internal control systems
- Carried out a robust assessment of the emerging and principal risks facing the Group. Further information on these principal risks, the procedures in place to identify emerging risks and how these are being managed or mitigated can be found on pages 66 to 69 and pages 72 to 77
- Approved the viability statement as disclosed in the FY24 Annual Report, which sets out that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years. The Board deemed a three year period to the end of FY27 would be appropriate, taking into account the Group's current position and the potential impact of the principal risks and uncertainties
- Considered and approved the adoption of the going concern basis of accounting in preparing the half and full year results
- Approved updates to the Treasury policy

People, talent and culture

- Succession planning and talent development for all senior roles
- Reviewed the results of the engagement survey
- Ensured safe and comfortable working environments
- Reviewed the organisation structure and approach to rightsizing the business
- Implemented a Restricted Share Award for eligible colleagues
- Implemented an SAYE Share Plan for colleagues for the three year period commencing February 2024

Governance, compliance and ethics

- Approved AGM business such as the Notice of Meeting and related ancillaries
- Carried out an internal Board evaluation, reviewed the report and recommendations and agreed an action plan
- Assessed the independence of all Directors
- Reviewed and updated the Terms of Reference for the Audit Committee, Remuneration Committee, Nomination Committee and ESG Committee

Board independence and appointment terms

The Board has reviewed the independence of each Non Executive Director and considers each of them to be independent of management and free from business or other relationships that could interfere with the exercise of independent judgement. The Company meets the requirement under Provision 11 of the 2018 Code that at least half of the Board, excluding the Chair, are Non Executive Directors whom the Board considers to be independent. The Board believes that any shares in the Company held personally by a member of the Board serves to align their interests with those of the shareholders.

The CEO, Mark Carpenter, owns approximately 9.8% of the shares of the Company. The Board is fully confident that, in the very unlikely event of a conflict emerging between Mark Carpenter's duties as a Director and his interests as a shareholder, he would absent himself from the Board discussions in question (and the Board would ensure that he does so).

The terms and conditions of appointment of the Non Executive Directors are contained within their Letters of Appointment. The terms of appointment for the Directors confirm they are expected to devote such time as necessary for the proper performance of their duties. The Board reviews and approves as necessary any additional external appointments the Directors may look to obtain.

The CEO and CFO do not currently have a non executive directorship on any other listed company board.

Board meetings

The Board met regularly to discharge its duties effectively. Directors are provided with meeting papers approximately one week in advance of each Board or Committee meeting. Members of the Senior Leadership Team are regularly invited to attend Board meetings to present on their specific area of responsibility.

Board and Committee attendance FY24

The Board has regular scheduled meetings throughout the year, in addition to Board calls as and when needed. Directors' attendance at Board and Committee meetings during the year is outlined below:

Director	Board (9 meetings)	Audit Committee (3)	Nomination Committee (1)	Remuneration Committee (4)	ESG Committee (3)
Mark Carpenter	9	N/A	1	N/A	3
Chris Morgan	9	N/A	N/A	N/A	3
John Walden	9	N/A	1	N/A	N/A
Mary McNamara	9	2	1	4	3
Keith Mansfield	9	3	1	4	3
Adele Cooper	9	3	1	4	3

Annual General Meeting

The 2024 AGM will be held on 24 July 2024.

The Notice convening the 2024 AGM will be circulated to shareholders separately, along with details on how shareholders can raise questions to the Board in advance. We will ensure that shareholders are kept informed using the Notice of Meeting, our website, and relevant regulatory announcements as appropriate.

Conflicts of interest

In line with the Companies Act 2006, the Company's Articles of Association allow the Board to review any potential conflicts of interest that may arise and impose limits or conditions as appropriate. The Board has an agreed formal process for the Directors to disclose any conflicts of interest. Any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Director(s) voting or without their votes being counted. In making such a decision, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Group.

Independent advice

The Directors may take independent professional advice, if necessary, at the Company's expense.

Board training and development

Directors are continually updated on the Group's business, the markets in which the business operates and changes to the competitive and regulatory environments, through presentations and briefings to the Board from Executive Directors and the Senior Leadership Team.

Directors received briefings from the Company Secretary during the year on governance and compliance matters and relevant legislative changes, as well as external briefings on pertinent topics as part of the regular in person strategy sessions.

Relations with shareholders

All shareholders have access to the Chair and the Senior Independent Director, who are available to discuss any questions which shareholders may have in relation to the running of the Company.

The Board recognises the need to ensure that all Directors are fully aware of the views of major shareholders. Copies of all analysts' research relating to the Company are circulated to Directors upon publication. The Company receives a monthly Investor Relations report which includes an analysis of the Company's shareholder register.

John Walden
Chair
13 June 2024

Audit Committee report

Audit Committee Chair's statement

"The Committee had an increased focus on the going concern modelling performed by management alongside monitoring and review of internal controls, especially around cash management. This was especially important given the challenges presented by external economic headwinds.

Keith Mansfield,
Audit Committee Chair

Committee Governance

Committee membership and attendance

During the year, the Committee comprised:

- Keith Mansfield (Chair)
- Adele Cooper
- Mary McNamara

The Committee met three times during the year and attendance is set out in the table on page 85.

Dear Shareholder,

I am pleased to present the report of the Audit Committee (the Committee) for FY24. The purpose of this report is to look back over the financial year ended 31 March 2024 and describe the Committee's responsibilities and activities during the year.

The Committee fulfils an important oversight role, monitoring the effectiveness of the Group's system of internal control and risk management framework and reviewing the integrity of the Group's financial reporting. The key objectives of the Committee are to review and report to the Board and shareholders on the Group's financial reporting, internal control and risk management systems, and on the independence and effectiveness of the external auditor.

Risk management and internal control is a priority topic for the Group, ensuring Motorpoint can respond with pace and robustly to economic uncertainty, regulatory change as well as mitigating physical risks to its stores and inventory.

I would like to thank my colleagues in the Committee for their valued contributions during this year. I would also like to extend my thanks to our colleagues within the business who have rigorously applied hard work and Motorpoint's shared values, working together in response to the significant economic turbulence and industry challenge that Motorpoint has faced in the year.

Committee composition and membership

The Committee currently comprises three independent Non Executive Directors.

During the year, the following members served on the Committee:

- Keith Mansfield (Chair)
- Adele Cooper
- Mary McNamara

The Board believes that the members of the Committee as a whole have competence relevant to the sector in which the Group operates, gained from their respective external roles, previous and present. Biographical details of Committee members are set out on pages 80 and 81.

In particular, the Board has identified me as the member of the Committee having recent and relevant financial experience for the purposes of the 2018 Code. I have a wealth of financial experience from my previous roles, having worked at PricewaterhouseCoopers LLP (PwC) for 30 years.

At the invitation of the Chair of the Committee, the CEO and CFO attended all meetings during the year in order to maintain effective and open communications.

The external auditor, PwC, attend meetings of the Committee and have direct access to the Committee should they wish to raise any concerns outside of the formal Committee meetings.

Similarly, Motorpoint's Internal Audit function attend for the specific portion of Committee meetings pertaining to internal audit, and has direct access to the Committee should there be any need for raising any concerns outside of the formal context.

Role of the Committee

The role and responsibilities of the Committee are set out in its terms of reference which are available on the Company's website motorpointplc.com.

The main responsibilities of the Committee are listed below:

- monitor the integrity of the financial statements of the Company, including its annual and half yearly reports, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor;
- review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy and whether it informs the Board's statement in the Annual Report on these matters that is required under the Code;
- keep under review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems;
- review and approve the statements to be included in the Annual Report concerning internal control, risk management, including the assessment of principal risks and emerging risks, viability statement and going concern;
- review reports from the internal audit function;
- review the adequacy and security of the Company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- review the effectiveness of risk management and internal control policies in relation to ESG matters;
- monitor the statutory audit of the Annual Report and the consolidated financial statements;
- review significant financial reporting issues;
- recommend to the Board the reappointment of the external auditor and approve their remuneration and terms of engagement; and
- monitor and review the external auditor's independence and objectivity and the effectiveness of the external audit process, including considering relevant UK professional and regulatory requirements and the appropriateness of the provision by the auditors of non-audit services.

The Terms of Reference authorise the Committee to obtain independent legal or other professional advice at the Company's expense.

Activities

The Committee reviewed the following items since the last report:

- Annual Report and Accounts to 31 March 2024 and half year results to 30 September 2023;
- Chair met and had discussions with PwC as part of the audit process;
- external audit plan and review of effectiveness;
- non-audit services policy (NAS) and reached a general presumption that PwC is not best placed to offer NAS so as to safeguard their independence with possible exceptions noted in respect of a future requirement for assurance over ESG and internal controls which the Group's auditor is well placed to deliver;
- the Group's prospects (going concern and viability);
- tax and treasury policies;
- corporate risk assessment including review of the key risks, risk management activities and emerging risks;
- findings from the external auditor on the FY24 year end audit; and
- findings from the work of internal audit.

Audit Committee report continued

Financial reporting

The primary role of the Committee in relation to financial reporting is to review with both management and the external auditor, and report to the Board the appropriateness of the annual financial statements, considering amongst other matters:

- whether the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The statement incorporating the conclusion of this assessment is included later in this section;
- the application of significant accounting policies and any changes to them;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;
- the clarity and completeness of disclosures in the financial statements and the context in which statements are made; and
- all material information presented with the financial statements, including the Strategic report and the corporate governance statements relating to the audit and to risk management.

In addition to the above, the Committee supports the Board in completing its assessment on the adoption of the going concern basis of preparing the financial statements. Furthermore, as part of the Committee's responsibility to provide advice to the Board on the long term viability statement, the Committee performed a robust review of the process and underlying assessment of the Group's longer term prospects made by management.

Significant matters considered by the Committee in relation to the financial statements

In the preparation and final approval of the financial statements, the Committee discussed with management the key sources of estimation and critical accounting judgements. The Committee considered the following significant issues in relation to the FY24 financial statements:

- Inventory Valuation. Inventory is valued at the lower of cost and net realisable value. Following increased margin fluctuations on vehicles in FY23, the Company saw an increased level of loss making sales in FY23, which continued into FY24. There is a risk that selling prices could reduce further below cost and so require increased provision against inventory cost. The Committee reviewed the provision held against inventory by the Group throughout the year and determined that at the year end, the level of provision made was appropriate and included a prudent approach so that inventory was valued appropriately, even in the event of a repeat of the early FY24 price shock leading to increased losses.
- Appropriate capitalisation of IT development costs in line with the criteria set out in IAS 38. The Committee is satisfied based on the substantiation of the requirements of IAS 38 that the appropriate accounting treatment was applied.
- Going concern. Given the financial performance in FY24, there was a decrease in available headroom against banking and stocking facility covenants. Whilst management took actions to negotiate these during the year, the Committee had an increased focus on the going concern modelling performed by management. A range of scenarios was considered, and the Committee agreed that the financial statements should continue to be prepared on a going concern basis

  The Committee also reviewed changes to funding arrangements, including a relaxation of covenant tests, and concluded that these supported the going concern conclusion reached by management.
- Site level cash generating unit impairment. Whilst there has been significant headroom regarding impairment of property, plant and equipment and right-of-use assets at the Motorpoint CGU site level in previous years, the recent economic and market challenges, reflected in FY24 results, have reduced the level of headroom, at the site level, between the carrying value of assets and discounted future cash flows. The Committee reviewed management's forecasts which plan over a three year basis in line with the viability assessment. The Committee is satisfied that the Board approved forecasts are reasonable, and are consistent with management's conclusion that the carrying value of assets is appropriate.

Annual Report

The Committee has undertaken a review and assessment of the Annual Report in order to determine whether it can advise the Board that, taken as a whole, the Annual Report is fair, balanced and understandable, and provides shareholders with the information they need to assess the Company's position, performance, business model and strategy.

In doing this, the Committee considered the following:

- the description of the business is consistent with the Committee's own understanding;
- the narrative of the Strategic report fairly reflects the performance of the Group over the period reported on;
- that there is a clear and well articulated link between all areas of disclosure including going concern and viability; and
- the findings from the external auditor as part of the FY24 year end audit.

All relevant issues relating to the Annual Report were fully discussed at the Committee meeting in June 2024.

The Committee has concluded that the Annual Report, taken as a whole, is fair, balanced and understandable and that it can advise the Board as required by the 2018 Code and other relevant rules and regulations.

Going concern and viability statement

The Company is required to include statements in its Annual Report relating to going concern and viability. The Committee reviewed and discussed with management and concluded that the financial statements can be prepared on a going concern basis and that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over at least a 12 month period after the signing of the financial statements.

The Directors assessed the prospects of the Group over a three year period, which reflects the budget and planning cycle adopted by the Group and is in line with the viability assessment of the Group. The assessment of the Group's prospects, together with the Group's going concern and viability statement, are set out on pages 116 to 117 and pages 70 to 71 respectively of the report.

Internal audit

A number of risk based reviews were undertaken by internal audit in line with the FY24 audit plan. Internal audit's areas of review in FY24 included:

- Stock management controls
- Bank and cash procedures
- Travel and expenditure
- VAT and corporation tax controls

The plan for FY25 will be completed this summer, following the introduction of the new head of Internal Audit.

External auditor

Independence

There are a number of robust policies in place, all of which aim to safeguard the independence of the external auditor. In accordance with best practice, the external audit contract will be put out to tender every ten years, with the next retender due no later than the year ending 31 March 2027.

In accordance with the Auditing Practices Board standards, the lead audit partner at PwC will be rotated every five years to ensure continuing independence. Mark Skedgel, the current audit partner, assumed this responsibility for the year ended 31 March 2020 and will be standing down on completion of the FY24 audit. Mark Foster, who has the required skills and experience, will be taking over from Mark Skedgel for the FY25 audit.

There are no contractual obligations that restrict the Company's choice of external auditor.

External auditor effectiveness

The Committee conducts an annual external audit effectiveness review each year. It is the Committee's responsibility to monitor and assess the effectiveness of the external audit and examine the auditor's independence, the audit planning process, audit approach and delivery, audit team expertise and experience, resources, responsiveness and communication in respect of the financial year audit. In order to discharge this responsibility, the Committee followed the process outlined below:

- the terms, areas of responsibility, duties and scope of work of the external auditor as set out in the engagement letter are reviewed at the Committee meetings;
- the Committee discusses and agrees at the planning stage the draft list of specific audit risks;
- the Committee assesses the audit plan in advance of the year end and discusses audit planning and focus, quality, staffing, fees and accounting policies with the auditor;
- the Committee receives post audit feedback from management and the auditor in relation to the conduct of the audit and where significant time is spent;
- during the conduct of the audit, the Committee considers the auditors challenge of management assumptions and judgements;
- the Committee meets with the auditor in the absence of management to receive and discuss feedback on the conduct of the audit;
- all Committee members, key members of management, and those who regularly provide input into the Committee provide feedback on how well PwC performed the year end audit; and
- the feedback and conclusions are discussed, along with the conclusion regarding specific audit risks, with an overall conclusion on audit effectiveness reached. Any opportunities for improvement are brought to the attention of the external auditor.

The Committee concluded that PwC provided an effective, independent and objective audit and that the Committee was therefore satisfied that it had obtained a high quality audit. The Committee agreed to recommend to the Board the reappointment of PwC as the Group's external auditor and a resolution to this effect will be proposed at the 2024 AGM.

Non-audit services

To further safeguard the independence and objectivity of the external auditor, non-audit services provided by the external auditor are considered, and where appropriate authorised, by the Committee in accordance with a non-audit services policy. This policy limits the amount and type of services undertaken by our auditor. Permitted services are subject to a cap of 70% of the average of the fees paid for the statutory audits over a three year period.

Non-audit services provided by PwC only relate to access to the auditor's generic online accounting manual.

Keith Mansfield
Audit Committee Chair
13 June 2024

Nomination Committee report

Nomination Committee Chair's statement

> Succession planning and alignment to our diversity and inclusion objectives will be an increased area of focus for us in FY25.

John Walden
Nomination Committee Chair

Committee Governance

Committee membership and attendance

During the year, the Committee comprised:

- John Walden (Chair)
- Adele Cooper
- Keith Mansfield
- Mary McNamara
- Mark Carpenter (CEO)

The Committee met once during the year and attendance is set out in the table on page 85.

Dear Shareholder,

I am pleased to present the report of the Nomination Committee (the Committee) for FY24.

The Nomination Committee keeps under regular review the structure and composition of the Board and its committees and ensures that the Board and Executive leadership has the appropriate balance of skills, expertise and experience to support the Company.

In FY24, the Committee met once, where it discussed succession planning for the Executive and Senior Leadership Team, and the Board. There were no new Board appointments or resignations during the period and the Committee remains satisfied that the Board composition is balanced and effective, and that the appropriate corporate governance standards and practices are in place.

Following the internal Board effectiveness review, the Board's discussions identified a number of opportunities to help encourage a diverse and inclusive pipeline of executive and non executive talent within the Company. This will be a key focus for the Committee in the upcoming year to ensure that momentum is maintained, and an additional meeting has been planned in FY25 to support development in this area. The Committee is clear on the vision to promote and model an inclusive and supportive culture where every individual, of any identity, from any background, feels they can be their authentic self at work, and keeps those values front and centre of its work. Further details on diversity within the business can be found within the Strategic report on page 45.

All Directors are subject to election or re-election to the Board by shareholders on an annual basis at the Company's AGM. The Chair, on behalf of the Board, has confirmed each Director continues to be an effective member of the Board and will stand for re-election at the 2024 AGM.

Committee responsibilities

The Committee is responsible for:

- Board composition: The Committee considers the balance of skills, diversity, knowledge and experience of the Board and its committees and reviews the Board's structure, size and composition, including the time commitment required from Non Executive Directors;
- Board and executive nominations: The Committee leads on the recruitment and appointment process for Directors and makes recommendations regarding any adjustments to the composition of the Board; and
- Board and executive succession planning: The Committee proposes recommendations to the Board for the continuation in service of each Director and ensures that the Board is well prepared for changes to its composition and that appropriate succession plans are in place.

The Committee has formal Terms of Reference which are reviewed annually and are available on the Company's website.

Activities of the Committee

During the year the main activities of the Committee were as follows:

- Considered succession planning for the Executive and Senior Leadership Team, and for the Board.

Composition of the Board as at 31 March 2024

INED/Executive split	
Chair	1
INED (excluding the Chair)	3
Executive	2

Diversity and inclusion

The Board recognises the importance of diversity and inclusion in the boardroom and seeks to recruit Directors with varied backgrounds, skills and experience. Appointments are made on merit and against objective criteria, taking account of the skills, experience and expertise of candidates. The Financial Conduct Authority (FCA) has introduced rules and targets which require listed companies to make disclosures in relation to gender and ethnic diversity at Board and executive management level. The targets are that at least 40% of the Board should be women, at least one of the senior Board positions should be a woman, and at least one member of the Board should be from an ethnic minority background. As at 31 March 2024, we comply with the senior Board position target, with the SID role being occupied by a woman, but have not achieved the target of the Board having 40% female representation or a Board member from an ethnic minority. The Committee seeks to attract more women and people from an ethnic minority background onto the Board through a combination of targeted succession planning and the promotion of a culture that actively celebrates diversity throughout the Company, and Nomination Committee discussions around succession planning during FY24 have clarified the Board's intentions in this regard.

The tables below identify the gender identity and ethnic diversity of members of the Board and executive management.

The fall in female representation in executive management relates to the departure of the Group People Director towards the end of FY24. We are in the process of reviewing our senior recruitment strategy, which will take into account our commitment to Diversity, Equity and Inclusion matters.

Reporting table on sex/gender representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)	Number in executive management (excluding Executive Directors)	Percentage of executive management (excluding Executive Directors)
Men	4	66%	3	4	100%
Women	2	34%	1	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

Reporting table on ethnicity representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)	Number in executive management (excluding Executive Directors)	Percentage of executive management (excluding Executive Directors)
White British (or other White)	6	100%	4	2	50%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	0	0%	0	2	50%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

Nomination Committee report continued

As part of the Company's commitment to Diversity, Equity and Inclusion there are a number of data collection points throughout the employee experience that allow tracking of performance against the objective of having a truly diverse workforce and inclusive culture. This starts at the recruitment stage with an Applicant Tracking System which facilitates the gathering of data on all applications. Right to work checks are completed for all hired employees and form a further opportunity for data capture. Finally, as part of this disclosure each member of the team is asked how they identify within the outlined categories, including sexual orientation, ethnic background and any disabilities.

The Board's composition and size is kept under review by the Nomination Committee to retain an appropriate balance of skills, experience, diversity and knowledge of the Group. The Board also recognises the importance of diversity and inclusion at senior management level. The Group's SLT is made up of six members including the CEO and CFO. Information on initiatives on diversity and inclusion can be found in the People section of the Strategic report on page 45.

Board and Committee Effectiveness Review

The Board undertakes a formal evaluation of its performance, and that of each Director, on an annual basis. The principal committees of the Board also undertake an annual evaluation of their effectiveness in accordance with their Terms of Reference. In FY23, the Board identified three key action points arising from its self evaluation and measured the steps taken throughout the year to achieve them. An update on progress in all three areas can be found in the table below.

FY23 Issue/Recommendation	Action	Progress during FY24
Employee engagement	A programme of onsite Board and strategy sessions to be held to allow the Directors to engage directly with local teams as well as the SLT. Employee engagement updates to be scheduled at Board meetings.	The Board determined that this recommendation had been achieved. The Board has engaged with a variety of employees in FY24, including store based team members and various senior colleagues have been invited to join Board and Committee meetings. The Senior Independent Director has also attended employee forums to discuss topics such as strategy, remuneration and diversity initiatives.
Succession planning	Nomination Committee and Board to be allocated the necessary time and resources to proactively consider succession planning strategies in the context of both the Board and executive leadership, with a focus on developing a pipeline of quality internal candidates.	The Board determined that this recommendation had been achieved. The Nomination Committee undertook a detailed review of senior and executive leadership succession planning during FY24, as well as considering plans for the Board's own succession. Several action points were identified as a result of the reviews.
Diversity, equity and inclusion	Oversee the implementation of the Diversity, Equity and Inclusion Strategy. Updates to be provided at Board and/or Committee meetings in FY24. Ensure that diversity is factored into the discussion on succession planning for Board and executive roles.	The Board determined that this recommendation had been achieved. The ESG Committee received updates on the implementation of the DEI strategy including Gender Pay Gap reports and the tracking of DEI information relating to new and existing employees. As part of the Board's own succession planning, the Committee expressed a desire to broaden the ethnic diversity of the Board and address the gender balance through targeted recruitment. It also noted a skills gap in relation to technology and undertook to explore the possibility of recruiting a Board apprentice to help develop new talent.

In line with its discussions the previous year, in early 2024 the Board carried out an internal evaluation of the Board and its committees. The evaluation covered a range of matters including the balance of contributions, quality of debate and constructive challenge, senior leadership succession, stakeholder engagement, the effectiveness of agenda planning and the quality and timeliness of meeting papers.

The results of the review were circulated to members of the Board and its recommendations were discussed and actions were agreed and adopted at the March 2024 Board meeting. Three specific actions were identified for FY25, as set out in the table below.

FY24 area of focus	Action
SLT engagement	Continue to engage with employees during site visits, alongside more targeted engagement with the Senior Leadership Team on an individual and Group basis.
Succession planning	Nomination Committee to continue to focus on succession planning at Board and senior leadership level, factoring in the Company's diversity, equity and inclusion objectives. Priorities include succession planning for the Senior Independent Director and Remuneration Committee Chair roles.
Board development	Review the Board development programme, ensuring that pertinent topics such as digital strategy are covered during the course of the year.

The evaluation established that the Board remains satisfied that each Director contributes effectively to the Board and its committees.

Election or re-election of Directors

In compliance with the 2018 Code, all current Directors will stand for re-election at the forthcoming AGM. The Board has determined that all Directors standing for election or re-election at the AGM continue to be effective, hold recent and relevant experience and continue to demonstrate commitment to the role.

Biographical details of each Director standing for election or re-election will be set out in the Notice of AGM.

John Walden
Nomination Committee Chair
13 June 2024

ESG Committee report

ESG Committee Chair's statement

"Further strong progress made, evidenced by the Financial Times' Europe Climate Leader accolade.

Adele Cooper,
ESG Committee Chair

Committee Governance

Committee membership and attendance

During the year, the Committee comprised:

- Adele Cooper (Chair)
- Keith Mansfield
- Mary McNamara
- Mark Carpenter (CEO)
- Chris Morgan (CFO)

The Committee met three times during the year. Attendance is set out in the table on page 85.

Dear Shareholder,

I am pleased to present the report of the ESG Committee (the Committee) for FY24. The principal purpose of this report is to look back over the financial year ended 31 March 2024 and describe the Committee's responsibilities and activities during the year. In addition to my Committee responsibilities, I also attended management's internal ESG meetings, and I continue to be impressed with Motorpoint's commitment to doing what is right and responsible.

The Committee oversees the development and implementation of the Group's ESG strategy and monitors its performance in relation to ESG matters.

In FY24, the ESG Committee met three times, where it focused on monitoring the Group's sustainability and diversity objectives. Our measurement of our performance in relation to ESG goals has significantly improved since the Committee was created in 2022, which was illustrated by the Financial Times' formal recognition of Motorpoint as one of Europe's Climate Leaders, identifying us as one of the European companies that has been most successful in reducing core greenhouse gas emissions relative to revenue. We are pleased to see continued improvement in our main climate change measures, such as energy usage, business travel and recycled/landfill waste.

Committee composition and membership

The Committee currently comprises three independent Non Executive Directors, the CEO and CFO.

Only members of the Committee are entitled to attend the meetings. Key team members, such as the Head of Internal Audit and Risk, and Head of People, may be invited to attend for all or parts of any meeting, as and when appropriate.

Role of the Committee

The role and responsibilities of the Committee are set out in its Terms of Reference, which were reviewed in FY24 and can be found on the Company's website. The key objectives of the Committee are to:

- assist the Board in overseeing the development and implementation of the Group's ESG strategy and monitoring its performance in relation to ESG matters;
- oversee and support stakeholder engagement on ESG matters, including, but not limited to, understanding stakeholder reporting expectations;
- review, prior to approval by the Board, the ESG matters to be presented in the Company's Annual Report and monitor the integrity of these reports;
- oversee and monitor the Group's progress against any net zero, decarbonisation or other environmental, social or governance strategies; and
- make proposals to the Remuneration Committee regarding appropriate ESG related performance objectives for Executive Directors. Provide an assessment as to the outcomes of the ESG related performance objectives as at the end of the reporting period.

I would like to thank my colleagues in the Committee for their valued contributions, as well as extending my thanks to our colleagues within the business who have enthusiastically embraced the Group's vision and aims in relation to ESG.

Adele Cooper
ESG Committee Chair
13 June 2024

Remuneration Committee report

Remuneration Committee Chair's statement

The Committee has ensured that remuneration is aligned to the shareholder experience. The business encountered a challenging FY24, which has been reflected in our approach this year, whilst ensuring that the management team remain committed and motivated to delivering a strong performance in FY25 and beyond, as market conditions continue to improve.

Mary McNamara
Remuneration Committee Chair

Committee Governance

Committee membership and attendance

During the year, the Committee comprised:

- Mary McNamara (Chair)
- Adele Cooper
- Keith Mansfield

The Committee met four times during the year and attendance is set out in the table on page 85.

Dear Shareholder,

I am pleased to present the Company's Directors' Remuneration Report for the financial year ended 31 March 2024. This report is split into two sections:

- the Directors' Remuneration policy, which sets out the remuneration policy that was approved by shareholders at the 2023 AGM; and
- the Annual report on remuneration, which includes this Chair's statement and sets out in detail how the remuneration policy has been applied in the year to 31 March 2024, as well as how the policy will be applied in the forthcoming year.

The Annual report on remuneration will be subject to an advisory shareholder vote at the 2024 AGM.

Performance for FY24 and remuneration outcomes

The business continued to encounter a number of well documented macroeconomic headwinds during FY24, which included higher interest rates and inflation, consumer uncertainty which reduced demand, supply chain challenges, and a falling used vehicle market. These have culminated in our financial targets not being met for the FY24 annual bonus.

Whilst the non-financial elements of the bonus plan have delivered performance above threshold targets in relation to Customer, Employee, Digital sales and reduction in Scope 1 and 2 emissions, due to the challenging trading performance and the impact on financial performance, the Committee used its discretion to reduce the level of bonus payable from 20.2% to 10.0% of maximum, which will apply to both the Executive Directors and the Senior Leadership Team.

The Restricted Share Awards (RSAs) granted to the CEO, CFO and other senior management in June 2021 will vest in June 2024. We are satisfied that the performance underpin has been achieved over the three year performance period to 31 March 2024. In particular, management has made significant strategic progress in very challenging market conditions and created a platform for further future growth. Executives have also been aligned to the shareholder experience over the vesting period, with lower values on vesting as a result of the fall in share price since the grant date, both for this award and for the FY23 award, and in relation to their own personal shareholdings. On this basis, after careful consideration, the Committee determined that the award for the CEO and CFO should be capable of vesting 50% in June 2024, 25% in June 2025 and 25% in June 2026 with all shares required to be held for five years from grant.

The RSA value in the table below is the value of the FY24 award at the date of grant. To recognise the fall in share price compared to the prior year's award and to ensure that the number of shares granted was not excessive, the share price used to calculate the number of shares in the grant level of 75% of salary was based on a 'reference price' of 130.0p, instead of the price at the time of grant (which was 100.5p on 27 June 2023). This effectively resulted in a scale back of the award from 75% of salary to 58% of salary.

The table below provides a summary of total remuneration for the Executive Directors for FY24.

	Salary (£'000)	Benefits (£'000)	Pension (£'000)	Bonus (£'000)	RSA (£'000)	Total (£'000)
Mark Carpenter	371	2	11	37	215	636
Chris Morgan	271	2	8	27	157	465

Application of the Policy for FY25

Given the continued challenging market conditions there will be no salary increases for both Executive and Non Executive Directors in FY25, with the average increase for the wider workforce being limited to 2% of salary (other than for those impacted by living wage increases). The annual bonus opportunity will remain at 100% of salary and is based on performance measures aligned to the business strategy. Measures and their weightings for FY25 have been reviewed and are as follows: PBT (25%), market share growth (25%), sales attributed to digital leads (10%), cars acquired from consumers (15%), customer satisfaction (10%), employee engagement (10%) and an environmental metric based on the reduction of Scope 1 and 2 emissions (5%).

Restricted Share Awards will be made over shares equivalent to 75% of salary for both Executive Directors. We will review the grant level at the time the award is made but at the share price at the time of writing (which is higher than the share price at the time of the prior year's award) we anticipate making the award at the normal policy level. A robust performance underpin will apply and will continue to include an element based on long term ESG performance and we will review the award level on vesting to ensure that there have not been any windfall gains.

We believe that Motorpoint's approach to remuneration is appropriate, taking into account the application of discretion across the wider Senior Leadership Team, workforce remuneration outcomes and the wider stakeholder experience.

The Committee considers its exercise of discretion in relation to the FY24 bonus outcome to be appropriate taking into account the financial performance of the Company and the stakeholder experience during the year. The Committee is satisfied that the remuneration policy operated as intended for FY24 and that only minimal changes are required for FY25 to its operation to ensure greater alignment of incentives with delivery of strategic priorities.

On behalf of all of my colleagues on the Committee, I hope that you will support the resolution on the Annual report on remuneration at this year's AGM.

Mary McNamara
Remuneration Committee Chair
13 June 2024

Remuneration policy

This section of the report details the Remuneration policy for Executive Directors. The policy set out below was approved by shareholders at the AGM on 26 July 2023 and will apply for up to three years from this date.

Compliance statement

This report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Regulations) and the subsequent amendments in 2018 and 2019. It also meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure and Transparency Rules. The sections of the Remuneration Report that are subject to audit are marked as Audited Information. The remaining sections of the Remuneration Report are not subject to audit.

Decision-making process for the determination, review and implementation of the policy

The Committee sets the remuneration policy for Executive Directors and other senior executives taking into account the Company's strategic objectives, shareholder expectations, the principles of the UK Corporate Governance Code and the remuneration policy for the wider workforce. The aim of the remuneration policy is to provide an appropriate pay structure for the Executive Directors and Senior Management, to ensure their retention and to continue to focus them on delivering strong financial performance. To manage any potential conflicts of interest, the Committee ensures that no individual is involved in discussions regarding their own remuneration arrangements.

The implementation of the policy is considered each year by the Committee in light of the strategic priorities and the wider stakeholder experience whilst incentive targets are reviewed to check if they remain appropriate or need to be recalibrated.

The Committee addresses the following factors when determining the remuneration policy and its implementation, as recommended by the UK Corporate Governance Code:

Principle	Committee approach
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	• The metrics used in our annual bonus have a direct link to our Company KPIs to ensure performance related remuneration supports and drives our strategy • Restricted Shares ensure senior management are focused on the long term sustainability and interests of the Company and all of its stakeholders • The Remuneration Committee consults with shareholders to explain and clearly set out any proposed changes to the policy and is committed to having an open and constructive dialogue with shareholders
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand	• Our remuneration structure which consists of annual bonus and Restricted Shares, which are not subject to performance measures, is simple and easy to understand • The bonus is payable in cash. The Restricted Shares are the sole share based plan
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target based incentive plans, are identified and mitigated	• The Committee has ensured that risks are identified and mitigated by the presence of: – discretion to override the formulaic outturn of incentives – clawback and malus provisions • Restricted Shares ensure senior executives are not encouraged to make short term decisions but to deliver sustainable shareholder returns over the long term • Executives are encouraged to build significant shareholdings
Predictability – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy	• The scenario charts on page 102 set out the potential rewards available to the Executive Directors under three different performance scenarios, and in the case of a 50% share price increase in relation to the Restricted Shares
Proportionality – the link between individual awards, the delivery of strategy and the long term performance of the Company should be clear. Outcomes should not reward poor performance	• Variable pay comprises the majority of the Executive Directors' packages, with the individual limits and payout for different levels of performance set out in the policy and the scenario charts on page 102. The performance conditions used for the annual bonus are aligned to strategy and the targets are set to be stretching to reward for delivering above market returns in line with strategy • The Committee retains discretion to override the formulaic outturns of incentives if the payout does not reflect broader Company performance and other factors
Alignment to culture – incentive schemes should drive behaviours consistent with Company purpose, values and strategy	• The alignment of metrics to the medium and long term strategy ensures behaviours consistent with the Company's purpose and values are being encouraged • The presence of clawback and malus provisions discourages behaviours that are not consistent with the Company's purpose, values and strategy • The Committee reviews the wider workforce pay and policies to ensure there is alignment with the Executive Director policy and that remuneration is designed to support the Company's people centric culture

Directors' Remuneration Policy

A breakdown of all elements of the Executive Remuneration Policy and an explanation of how they operate can be found in the table below:

Purpose and link to strategy	Operation	Performance measurement	Maximum opportunity
Base salary			
To aid the recruitment of Executive Directors of a suitable calibre for the role and to provide a core level of reward to reflect the duties required.	Base salaries will normally be reviewed annually by the Committee with any increases typically taking effect from 1 April each year.	Base salary levels are set at a level to reflect the experience, skills and responsibilities of the individual as well as the scope and scale of their role. Increases to base salary will take into account the performance of the individual and Company and external indicators such as inflation.	While there is no maximum salary, increases will normally be in line with the typical level of increase awarded to other employees of the Group. The Committee may award increases above this level to ensure that the salaries appropriately reflect the role, responsibilities, performance and experience of the Directors.
Benefits			
To provide a market competitive benefits package for the executives to aid recruitment and retention.	The benefits offered to Executive Directors comprise, but are not limited to, family medical insurance and company car. The Committee may offer an equivalent cash allowance instead if it feels it is more suitable. Other reasonable benefits may be offered as appropriate (including, in exceptional circumstances, relocation and/or disturbance allowances). Executive Directors may also be reimbursed for any reasonable expenses incurred in performing their duties, and any income tax payable thereon.	Not applicable.	There is no maximum limit on the value of the benefits provided but the Committee monitors the total cost of the benefit provision on a regular basis.
Pension			
To provide market competitive pension arrangements for the executives and to aid recruitment and retention.	Executive Directors are eligible for a contribution to the Group personal pension plan, or any other nominated personal pension fund. Where appropriate, Executive Directors may instead receive a cash allowance in lieu of formal pension contributions, or a combination of both.	Not applicable.	A pension contribution is payable in line with the pension available to the majority of the workforce, currently 3% of salary.
Annual bonus			
To encourage improved financial and operational performance and align the interests of Directors with the short term Company strategy.	Bonus payments are subject to the achievement of performance targets normally set over one financial year. Annual bonuses are payable at the sole discretion of the Committee. The Committee has discretion to adjust the formula driven outturn of the annual bonus calculation. All bonus payments are payable in cash and subject to appropriate recovery and withholding arrangements.	Performance will normally be based on a mix of financial, operational and/or non financial measures aligned to the strategic objectives of the business. Financial performance will usually be represented by PBT targets, although the Committee reserves the right to include other measures in support of the Company strategy as it sees fit. Stretching performance targets will be determined taking into account internal and external forecasts. For threshold performance, up to 30% of maximum is payable.	100% of salary.
Long term incentives – Restricted Shares			

Remuneration policy continued

Purpose and link to strategy	Operation	Performance measurement	Maximum opportunity
To encourage improved financial and operational performance and align the interests of Directors with the long term Company strategy and the interests of shareholders through share ownership.	Awards will normally be granted following the publication of the Company's annual results each year. Restricted Shares may normally vest no sooner than 50%, 25% and 25% over three, four and five years from grant, subject to service, and subject to an underpinning financial performance condition. Awards are additionally subject to a post vesting holding period during which time vested shares may not be sold (other than for tax) before five years from grant. This holding period will continue post cessation of employment (to the extent that awards do not lapse). The Committee may determine that dividend equivalents will accrue over the vesting/holding period. Vesting of awards is at the sole discretion of the Committee and the Committee may reduce the level of the award after grant and at vesting, if it considers that it is appropriate to do so. Restricted Shares are subject to recovery and withholding arrangements.	In order for Restricted Shares to vest, the Remuneration Committee must be satisfied that business performance is robust and sustainable and that management has strengthened the business. In assessing this performance condition, the Committee will consider financial and non-financial KPIs, including ESG targets, as well as delivery against strategic priorities. To the extent it is not satisfied that this performance condition is met, the Committee may scale back the level of vested awards including to zero. This performance assessment will take place at the end of the third year.	Normally 75% of salary in any year. However, an individual maximum of 100% of salary may apply in exceptional circumstances.
All employee share plans			
To align the interests of Directors and other employees with those of the shareholders through share ownership.	The Company has adopted employee share plans in which the Executive Directors are eligible to participate on the same terms as all other employees.	Not applicable.	In line with statutory limits.
Shareholding guidelines			
To align the interests of Directors with those of the shareholders through share ownership.	All Executive Directors are required to build and maintain a shareholding equivalent in value to 200% of their annual base salary. Until this guideline is met, Directors must retain half of any Restricted Shares that vest (after payment of tax and national insurance contributions) together with any shares deferred as part of the bonus (if applicable). Post cessation of employment, executives will be required to retain the lower of the shareholding requirement (200% of salary) or the actual shares they hold on cessation of employment for a period of two years. Any voluntary purchases of shares by the executives from the start of the previous policy period will be excluded from this requirement. The Committee has discretion to amend the requirement in certain circumstances as it considers appropriate.	Not applicable.	Not applicable.

Choice of performance measures

The Committee retains flexibility as to the choice of performance measures for future annual bonus awards. Measures will be selected as appropriate to reflect the business strategy and to ensure the delivery of sound financial performance. The current performance measures are disclosed in the Annual report on remuneration, together with the link to the business strategy. The Committee sets appropriate and stretching targets for the annual bonus in the context of the Company's business plan, trading environment and strategic plan.

Incentive plan operation

The Committee will operate the Company's incentive plans according to their respective rules and consistent with normal market practice, the Listing Rules and HMRC rules where relevant, including flexibility in a number of regards.

This includes timing of awards, dealing with leavers and making adjustments to awards following acquisitions, disposals, changes in share capital and other merger and acquisition activity. The Committee also retains the ability to adjust the targets and/or set different measures for the annual bonus plan if events occur which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. The Committee may adjust the formula driven outturn of the annual bonus calculation in the event it considers that the outturn does not reflect underlying performance, overall shareholder experience or employee reward outcome.

Recovery and withholding provisions may be operated at the discretion of the Committee in respect of awards granted under the annual bonus plan and Restricted Shares in certain circumstances (including where there is a material misstatement or restatement of audited accounts, an error in assessing any applicable performance condition or bonus outcome, or in the event of gross misconduct on the part of the participant, corporate failure, failure of risk management or reputational damage).

Any use of the above discretions would, where relevant, be explained in the Annual report on remuneration.

Remuneration Policy for Non Executive Directors

The table below sets out how pay is structured for the Non Executive Directors (NEDs).

Purpose and link to strategy	Operation	Performance measurement	Maximum opportunity
Fees			
To ensure a fair reward for services provided to the Company.	NEDs receive a fixed base fee in cash or shares for their role on the Board, plus supplementary fees for additional responsibilities such as performing the role of SID or chairing one of the Board committees. The Non Executive Chair receives a fixed fee only, and is not eligible for any additional responsibility fees. Fee levels are reviewed normally on an annual basis, and may be increased taking into account factors such as the time commitment and complexity of the role and market levels in companies of comparable size and complexity and other broadly comparable companies. Each NED will be entitled to be reimbursed for all reasonable expenses incurred by them in the course of their duties to the Company (plus amounts in respect of any tax payable) and has the benefit of indemnity insurance maintained by the Group on their behalf indemnifying them against liabilities they may potentially incur to third parties as a result of his/her office as Director. Where there has been a material increase in time commitment in the year, fees may be temporarily increased to reflect this.	Not applicable.	Current fee levels are set out in the Annual report on remuneration. Aggregate fee levels are subject to the maximum limit set out in the Articles of Association.
Share ownership guidelines			
To align the interests of Directors with those of shareholders through share ownership.	All NEDs are encouraged to build and maintain a shareholding equivalent in value to 100% of their annual fees.	Not applicable.	Not applicable.

Remuneration policy continued

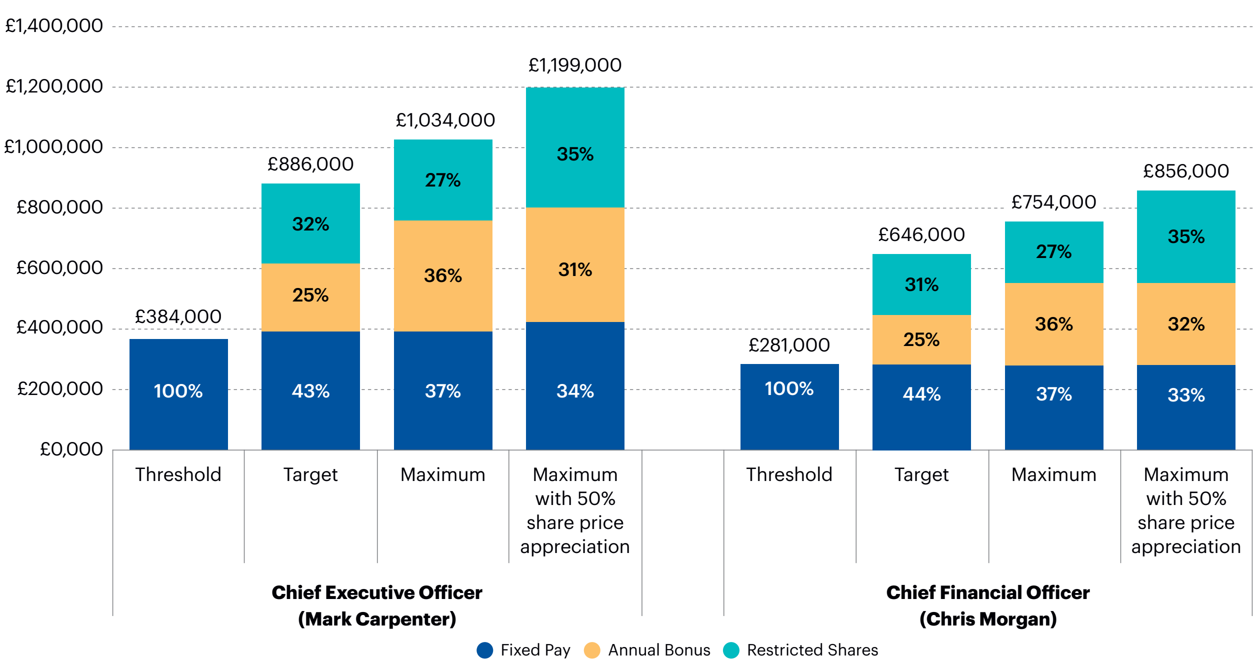
Reward scenarios

The bar charts in this section detail how the composition of the Executive Directors' remuneration package varies at different levels of performance.

- Threshold includes fixed pay only (i.e. base salary, benefits and pension)
- On target includes fixed pay, 60% of maximum bonus, and full vesting of Restricted Shares
- Maximum includes fixed pay, maximum bonus payout, and full vesting of Restricted Shares
- Maximum plus the impact of 50% share price appreciation on Restricted Shares

Salary levels are effective as at 1 April 2024, and the value for benefits is the cost of providing those benefits in FY24.

No share price growth has been factored into the chart, except where indicated, and all amounts have been rounded to the nearest £1,000.



Approach to recruitment remuneration

In determining the remuneration package for a new Executive Director, the Committee takes into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the individual.

New Executive Director hires (including those promoted internally) will be offered packages in line with the policy in place at the time, except as noted below.

If it is considered appropriate to set the salary for a new Executive Director at a level which is below market, his or her salary may be increased in future periods to achieve the desired market positioning by way of a series of phased above inflation increases, subject to his or her continued development in the role.

Any bonus payment for the year of joining will normally be prorated to reflect the proportion of the period worked, and the Committee may set different performance measures and targets, depending on the timing and nature of the appointment.

The ongoing annual bonus and restricted shares opportunities will be in line with the limits set out in the policy table.

The Committee recognises that it may be necessary in some circumstances to provide compensation for amounts forfeited from a previous employer (buy out awards). Any buy out awards would be limited to the value of remuneration forfeited when leaving the former employer and would be structured so as to be, to the extent possible, no more generous in terms of the key terms (e.g. delivery mechanism, time to vesting, expected value and performance conditions) than the incentive it is replacing. Where possible, any such payments would be facilitated through the Company's existing incentive plans, but, if not, the awards may be granted outside of these plans, as permitted under the Listing Rules, which allow for the grant of awards to facilitate the recruitment of an Executive Director.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role will be allowed to continue according to its original terms or adjusted as considered appropriate to reflect the new role.

External directorships

Executive Directors are permitted to take on external non executive directorships at other listed companies, though normally only one other appointment, to bring a further external perspective to the Group and help in the development of key individuals' experience. In order to avoid any conflicts of interest, all appointments are subject to the approval of the Nomination Committee. Executive Directors are permitted to retain the fees arising from any appointments undertaken.

Service contracts and payments for loss of office

The terms of Directors' service contracts and letters of appointments are available for inspection at the Company's registered office.

Director	Date of initial appointment	Date of expiry	Notice period by Company or Director
Executive Directors			
Mark Carpenter	12 May 2016	N/A	9 months
Chris Morgan	11 January 2021	N/A	9 months
Non Executive Directors			
John Walden	10 January 2022	10 January 2025	3 months
Mary McNamara	13 May 2016	14 May 2025	3 months
Adele Cooper	6 March 2020	6 March 2026	3 months
Keith Mansfield	20 May 2020	20 May 2026	3 months

The remuneration related elements of the current contracts for Executive Directors are as follows:

Provisions	Treatment
Termination payment	The Company may (at its discretion) elect to terminate the employment by making a payment in lieu of notice equivalent in value to the base salary which the Executive Director would have received during any unexpired period of notice.
Mitigation	The payment in lieu of notice will be payable in monthly instalments (subject to mitigation, i.e. reduced on a pound for pound basis if alternative employment/engagement is taken up during the payment period).
Annual bonus	There is no contractual right to any bonus payment in the event of termination although in certain circumstances the Committee may exercise its discretion to pay a bonus at the normal time for the period of active service and based on performance assessed after the end of the financial year. The holding period in respect of deferred shares, if applicable, will normally be retained.
Share awards	The default treatment for Restricted Shares under the Performance Share Plan rules is for all unvested awards to lapse in full on cessation. However, if the participant ceases to be an employee or a Director within the Group because of his/her death, injury, disability, retirement, redundancy, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Committee, then his/her award will normally vest on the original scheduled vesting date (except in the case of death, where the default position will be for the award to vest on cessation of employment). The default position in this case is that an award will vest subject to: (i) the assessment of the performance underpin over the measurement period; and (ii) the prorating of the award by reference to the period of time served in employment during the normal vesting period. However, the Committee can decide to allow early vesting and/or reduce or eliminate the prorating of an award if it regards it as appropriate to do so in the particular circumstances.
Other	Outstanding shares or awards under an all employee share plan will vest in accordance with the terms of the plan and HMRC legislation. The Committee may pay any statutory entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interest of the Company. Outplacement services and reimbursement of legal costs may also be provided.

Remuneration policy continued

Legacy arrangements

In approving this Directors' Remuneration policy, authority is given to the Company to honour any commitments entered into with current or former Directors that have been disclosed to and approved by shareholders in previous years. Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Consideration of pay conditions within the wider team

When making decisions on executive remuneration, the Committee takes into account pay conditions for the Company as a whole. The Remuneration Committee Chair has attended meetings during the year with employees to provide background on how the pay for senior executives aligns to the pay practices for the workforce generally. Feedback has been generally positive around the Company culture and values and there was no specific feedback on remuneration matters.

The Group has a strong 'team culture' and accordingly there is consistency in how packages are structured across the whole Senior Management team, with all Executive Directors and Senior Managers participating in the same annual incentive plan.

However, there are some differences in the structure of the remuneration policy for the Executive Directors compared with other Senior Managers, which the Committee believes are necessary to reflect the different levels of responsibility. The two main differences are the increased emphasis on variable pay for Executive Directors and a greater focus on long term alignment (through additional holding periods for the long term incentive awards and minimum shareholding guidelines). Within the wider Group, all employees receive salary, benefits and pension and are eligible to receive an annual bonus. Periodic reviews against market data are undertaken to ensure an appropriate cascade of remuneration throughout the Group.

We are proud to be a Real Living Wage employer.

Shareholder views

The Committee values the views of the Company's shareholders and takes into account guidance from shareholder representative bodies.

As part of the Remuneration policy review, the Committee engaged with the largest shareholders and the proxy advisory bodies to understand their views on the proposed policy. Further details of this engagement are set out in last year's Annual Statement in the 2023 Directors' Remuneration Report.

Shareholder feedback received in relation to the AGM, as well as any additional feedback received during the year, is considered as part of the Company's annual review.

Annual report on remuneration

This part of the report has been prepared in accordance with Part 4 of The Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (as amended in 2018 and 2019) which amended The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, and 9.8.6R of the Listing Rules. The Annual report on remuneration, including the Chair's annual statement, will be put to an advisory shareholder vote at our 2024 AGM.

Committee membership and attendance

During the year, the Committee comprised:

Mary McNamara (Chair)

Adele Cooper

Keith Mansfield

The Chair and CEO attend meetings by invitation but are not members of the Committee.

The Committee met four times during the year and attendance is set out in the table on page 85.

Advice to the Committee

The Committee receives information and takes advice from inside and outside the Group. Internal support is provided by the Company Secretary. The CEO and any other Director or employee may be invited to attend Committee meetings by the Chair where relevant. No individual is present when matters relating to his or her own remuneration are discussed.

Following a formal review by the Committee during 2020, Korn Ferry was appointed as advisor to the Committee. Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct and has confirmed to the Committee that it adheres in all respects to the terms of the Code. Fees paid to Korn Ferry during the year were £22,268 (ex VAT), which reflected the applicable hourly rates agreed with Korn Ferry. The Committee is satisfied, following a discussion involving all the members of the Committee, that the advice it received is objective and independent. Korn Ferry did not provide any other services to the Company during the year.

Remuneration in FY24

Directors' single figure of remuneration (audited)

The table below shows the aggregate emoluments earned by the Directors of the Company during FY24 and also sets out the comparative information for FY23.

Director	Period	Salary/fees (£'000)	Benefits[1] (£'000)	Pension (£'000)	Other[2]	Total fixed remuneration (£'000)[3]	RSA[3] (£'000)	Bonus (£'000)	Total variable remuneration (£'000)	Total (£'000)
Mark Carpenter	FY24	371	2	11	0	384	215	37	252	636
	FY23	360	2	36	0	398	270	140	410	808
Chris Morgan	FY24	271	2	8	0	281	157	27	184	465
	FY23	263	2	8	0	273	197	102	299	572
John Walden	FY24	206	0	0	0	206	0	0	0	206
	FY23	200	0	0	0	200	0	0	0	200
Mary McNamara	FY24	59	0	0	0	59	0	0	0	59
	FY23	58	0	0	0	58	0	0	0	58
Adele Cooper	FY24	50	0	0	0	50	0	0	0	50
	FY23	49	0	0	0	49	0	0	0	49
Keith Mansfield	FY24	54	0	0	0	54	0	0	0	54
	FY23	52	0	0	0	52	0	0	0	52

1. Relates to provision of family private medical insurance.
2. This also includes the value of the discount offered in relation to the SAYE options granted during the year, which was worth £400.
3. The face value on grant of the RSA awards granted on 27 June 2023 is shown in the table above as there are no performance conditions other than underpins tested on vesting.

Annual report on remuneration continued

Details of variable pay earned in the year (audited)

Annual bonus

Executive Directors were eligible for a maximum annual bonus payment of 100% of salary, subject to PBT, market share growth, sales attributed to digital leads, customer and employment engagement measures, along with an environmental measure.

The table below sets out the performance conditions and targets that were set in relation to FY24 and the performance achieved.

	Weighting	Performance required			Performance achieved	Payout of element before Committee discretion	Bonus payable after Committee discretion
Performance measure		Threshold (30% of maximum payout	Target (60% of maximum payout)	Stretch (100% of maximum payout		(% of maximum)	
PBT	25%	£5.0m	£7.5m	£10.0m	£(8.2)m	0%	
Growth in share of market we operate in	25%	+ve	+0.2%	+0.5%	-ve	0%	
Customer – NPS	10%	82	83	84	81.8	0%	
DIGITAL MEASURES:							
Sales attributed to digital leads	20%	38%	39%	40%	38.2%	7.2%	
ESG MEASURES:							
Employee engagement[1]	10%	1 star	2 star	3 star	1 star	3%	
LFL Scope 1 and 2 emissions, and business travel reduction (Kg CO_2 per sq ft)	10%	-5%	-7.5%	-10%	-14.2%	10%	
Total Bonus for the CEO (percentage of maximum overall)						**20.2%**	**10%**
Total Bonus for the CFO (percentage of maximum overall)						**20.2%**	**10%**

1. Approach to employee engagement moved from Best Companies b-Heard survey to Driving Seat survey, which revealed 87% satisfaction, and have applied a 1 star equivalent performance.

The bonus payout for FY24 would be 20.2% of maximum, and would equate to a bonus for the CEO of £75,006 and for the CFO of £54,647. As explained earlier, due to the challenging market conditions which impacted the financial performance of the business, the Committee used its discretion to award a reduced bonus of 10.0% of maximum for FY24. As such, this reduced the cash bonus to £37,132 for the CEO and £27,053 for the CFO.

Outstanding share awards, including details of awards granted during the year and awards vesting based on performance to 31 March 2024

The below table sets out details of the Executive Directors' outstanding awards under the RSA and the SAYE.

Name	Year of grant	Scheme	At 31 March 2023	Awards granted during the period	Awards exercised during the period	Awards lapsed during the period	At 31 March 2024	Vesting date	Exercise price
Mark Carpenter	FY21	2021 RSA	75,753	–	–	–	75,753	24 Aug 2023[1]	–
	FY22	2022 RSA	95,558	–	–	–	95,558	16 Jun 2024[1]	–
	FY23	2023 RSA	128,627	–	–	–	128,627	23 Jun 2025[1]	–
	FY24	2024 RSA	–	214,220	–	–	214,220	27 Jun 2026[1]	–
	FY20	2020 SAYE	1,565	–	–	–	1,565	1 Feb 2023	230.00p
	FY21	2021 SAYE	1,298	–	–	–	1,298	1 Feb 2024	277.20p
	FY22	2022 SAYE	1,304	–	–	–	1,304	1 Feb 2025	276.00p
	FY23	2023 SAYE	2,589	–	–	–	2,589	1 Feb 2026	139.00p
	FY24	2024 SAYE	–	5,376	–	–	5,376	1 Feb 2027	69.00p
Chris Morgan	FY22	2022 RSA	69,621	–	–	–	69,621	16 Jun 2024[1]	–
	FY23	2023 RSA	93,482	–	–	–	93,482	23 Jun 2025[1]	–
	FY24	2024 RSA	–	156,074	–	–	156,074	27 Jun 2026[1]	–
	FY22	2022 SAYE	1,304	–	–	–	1,304	1 Feb 2025	276.00p
	FY23	2023 SAYE	2,589	–	–	–	2,589	1 Feb 2026	139.00p
	FY24	2024 SAYE	–	5,376	–	–	5,376	1 Feb 2027	69.00p

1. The first tranche of the RSA shares vest on their third anniversary of grant, at 50% of the award and then 25% vests on the fourth and fifth anniversaries of grant.

Restricted Share Awards (RSAs)

The Restricted Share Awards level for the Executive Directors is normally 75% of salary each year. In order for Restricted Shares to vest, the Committee must be satisfied that, over the three financial years beginning with the year of grant, the business performance is robust and sustainable, and that management has strengthened the business. In assessing this performance condition, the Committee will consider financial and non-financial KPIs of the business as well as delivery against strategic priorities. To the extent it is not satisfied that this performance condition has been met, the Committee may scale back the level of vested awards including to zero. From the FY23 award, the Committee is also required to consider strategic progress in relation to ESG.

RSA 2022 (audited)

RSAs in the form of nil cost options (Options) granted under the rules of the PSP were based on the average of the closing middle market quotations of the share price during the five dealing days before grant, being 274.7 pence.

	Date of grant	Grant level as % of salary	Shares awarded	Share price	Face value of award	Estimated value on vesting[1]	Measurement period for performance underpin	Vesting schedule[2]
Mark Carpenter	16 June 2021	75%	95,558	274.7p	£262,500	£109,687	1 April 2021 to 31 March 2024	50% on 16 June 2024
Chris Morgan	16 June 2021	75%	69,621	274.7p	£191,250	£79,915		25% on 16 June 2025 25% on 16 June 2026

1. Based on the three month average share price to 31 March 2024 of 114.8p.
2. Vested shares must be held until five years from grant.

Annual report on remuneration continued

Assessment of performance underpin

The Committee carefully considered the achievement of the performance underpin (as described in the policy section of this report) over the three financial years to 31 March 2024 and noted the following:

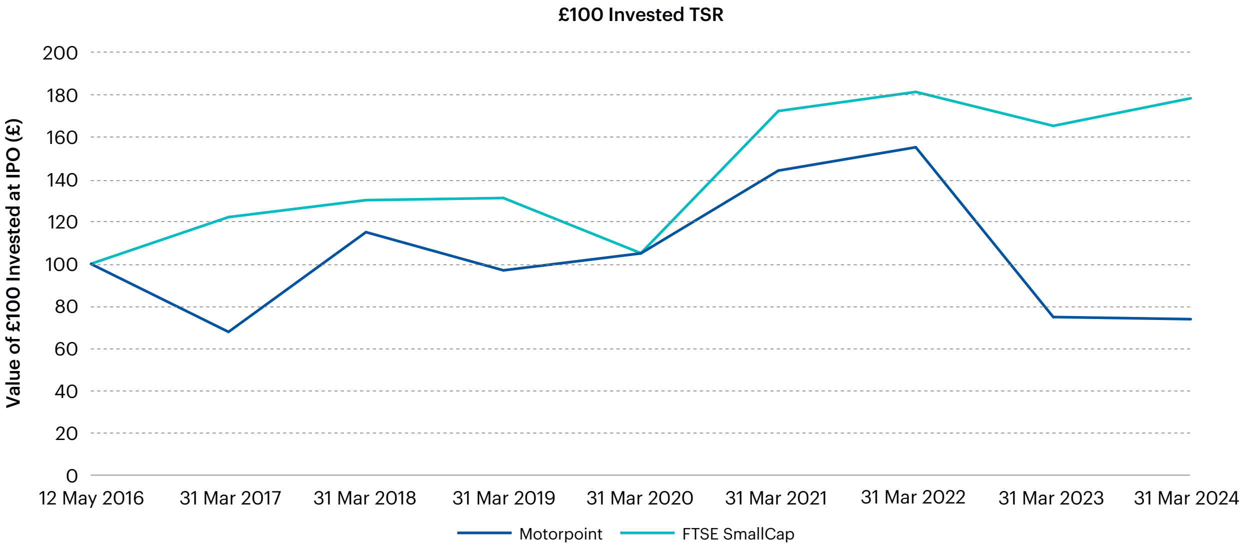
- Strong progress in a very challenging market. External headwinds included dealing with the latter stages of the Covid-19 pandemic, a serious reduction in the number of new cars produced, soaring interest and energy costs, generally high inflation, and a resultant fall in consumer demand
- Business restructured and rightsized headcount in response to the difficult trading conditions. Full time equivalent employees at end of FY24 was 710, compared to a high of around 950 in May 2022
- Successfully defending our position against new entrants in the market, some of which no longer exist
- Opening of six new stores, which represents an increase of over 40% in the number of locations we trade from
- Significant enhancement to our digital capabilities, with improvements to both our retail and Auction4Cars.com web platforms. Retail website is 44% faster in March 2024 compared to a year ago
- Customer satisfaction at consistently high, industry leading levels, with NPS over 80, and excellent Trustpilot scores
- Strong progress on our ESG objectives, with notable reductions in emissions (for example, Scope 1 and 2 (plus business travel)); emissions down 15% in FY24 compared to FY23; waste was down by the same percentage over this period)
- Awarded the Financial Times accolade of being a European leader in climate change

On this basis, the Committee concluded that the performance underpin had been achieved and that there was no need to scale back the number of vested awards. The Committee also considered the overall value of awards on vesting and specifically the fall in share price over the period, and concluded that there was an appropriate link between reward and performance, and alignment of interest between management and shareholders over the period.

RSA 2024 (audited)

To recognise the fall in share price compared to the prior year's award and to ensure that the number of shares granted was not excessive, the share price used to calculate the number of shares in the grant level of 75% of salary was based on a 'reference price' of 130.0p, instead of the price at the time of grant (which was 100.5p on 27 June 2023). This effectively resulted in a scale back of the award from 75% of salary to 58% of salary.

	Date of grant	Grant level as % of salary	Shares awarded	Share price	Face value of award	Measurement period for performance underpin
Mark Carpenter	27 June 2023	58%	214,220	100.5p	£215,291	1 April 2023 to 31 March 2026
Chris Morgan	27 June 2023	58%	156,074	100.5p	£156,884	1 April 2023 to 31 March 2026



Save As You Earn (SAYE) (audited)
In December of each year since 2016, Motorpoint has launched a SAYE scheme for all permanent employees. For the FY24 scheme, eligible employees are invited to subscribe for options over the Company's shares at an exercise price representing a 10% discount to the average closing mid market price of the shares over the three day period ending the dealing day before the invitation date. The maximum subscription offered is £500 per month over the 36 month saving period.

	Date of grant	SAYE options awarded	Exercise price	Face value of award[1]	Date on which exercisable
Mark Carpenter	01 February 2024	5,376	69.0p	£3,709.44	Between 1 February 2027 and 31 July 2027
Chris Morgan	01 February 2024	5,376	69.0p	£3,709.44	Between 1 February 2027 and 31 July 2027

1. Face value of award based on number of SAYE options granted and a share price of 69p being the average closing mid market price of the shares over the three day period ending the dealing day before the invitation date.

Payments to past Directors and payments for loss of office (audited)
There have been no payments to past Directors and no payments for loss of office during the year.

Table of Directors' share interests (audited)
The share interests of each Director as at 31 March 2024 (together with interests held by his or her connected persons) are set out in the table below.

Executive Directors are required by the policy to hold shares to the value of 200% of salary and must retain 50% of any outstanding Restricted Shares vesting (net of any taxes due) until this guideline is met. Additionally, the Non Executive Directors are encouraged to hold shares to the value of 100% of their annual fee. Shareholdings are set out as a percentage of salary or fees in the table below.

	At 31 March 2024				
Name	Beneficially owned shares[1]	Unvested Restricted Share Awards	Vested Unexercised SAYE options	Total	Percentage of salary/fees[2]
Executive Directors					
Mark Carpenter	8,781,693	476,281	12,132	9,265,939	2,717%
Chris Morgan	13,445	319,177	9,269	341,891	6%
Non Executive Directors					
John Walden	137,000	–	–	137,000	76%
Mary McNamara	74,600	–	–	74,600	145%
Adele Cooper	13,327	–	–	13,327	31%
Keith Mansfield	36,876	–	–	36,876	78%

1. Some of these shares may be held through nominees.
2. Calculated as the value of all fully owned shares held at 31 March 2024 (i.e. excludes Unvested Restricted Share awards and Vested Unexercised SAYE options), valued using the three month average share price over the period to 31 March 2024 (114.8p), divided by base salary as effective 31 March 2024.

During the period from 31 March 2024 to the publication of this report, there have been no changes in the Directors' share interests.

None of the Directors hold any loans against their shares or otherwise use their shares as collateral.

External directorships
None of the Executive Directors currently hold non executive directorships at any other listed companies.

Annual report on remuneration continued

Total Shareholder Return and Chief Executive Officer earnings history

The chart in this section shows the Company's Total Shareholder Return performance compared with that of the FTSE SmallCap Index over the period from the date of the Company's admission onto the London Stock Exchange, to 31 March 2024.

The FTSE SmallCap Index has been chosen as an appropriate comparator as it is the index of which the Company is a constituent.

The total remuneration figure for the CEO since 9 May 2016 is shown in the table below, along with the value of bonuses paid, and LTIP vesting, as a percentage of the maximum opportunity. Mark Carpenter has been CEO for the entire period.

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Total remuneration (£'000)	262	443	287	410	466	978	808	636
Annual bonus (% of maximum)	0%	61%	0%	39%	0%	94%	38.8%	10%
LTIP vesting (% of maximum)	N/A[1]	N/A[1]	0%	0%	0%	0%	100%[2]	100%[2]

1. No long term incentive awards were eligible to vest over the relevant period.
2. Restricted shares subject to a performance underpin.

Change in remuneration of Directors and employees

The table below compares the difference in remuneration payable to the Directors over the period FY20 to FY24 to the average employee of the Company. For the purpose of this disclosure, these figures have been compiled comparing the average of all employees in the corresponding periods separately and are based on annualised figures for each year.

		Mark Carpenter (CEO)	Chris Morgan (CFO)[1]	John Walden[2]	Adele Cooper[3]	Keith Mansfield	Mary McNamara	Average employee in the Group
FY23 vs FY24	Base salary/ fees % change	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	6.6%
	Benefits % change	(65.8)%	0%	0%	0%	0%	0%	0%
	Annual bonus % change[4]	(73.6)%	(73.6)%	0%	0%	0%	0%	(40.4)%
FY22 vs FY23	Base salary/ fees % change	3.0%	3.0%	N/A	22.5%	10.6%	9.4%	10.6%
	Benefits % change	0%	0%	N/A	0%	0%	0%	0%
	Annual bonus % change[3]	(57.0)%	(57.0)%	N/A	0%	0%	0%	11.6%
FY21 vs FY22	Base salary/ fees % change	51.5%	N/A	N/A	5.3%	17.5%	8.2%	8.5%
	Benefits % change	0%	N/A	N/A	0%	0%	0%	14.6%
	Annual bonus % change[3]	100.0%	N/A	N/A	0%	0%	0%	41.4%
FY20 vs FY21	Base salary/ fees % change	(15.7)%	N/A	N/A	N/A	N/A	(7.5)%	4.5%
	Benefits % change	0%	N/A	N/A	N/A	N/A	0%	3.0%
	Annual bonus % change[3]	(100.0)%	N/A	N/A	N/A	N/A	0%	(4.5)%

1. Chris Morgan joined the Board in January 2021.
2. John Walden joined the Board in January 2022.
3. Adele Cooper's increase also reflects taking on the additional role of Chair of the ESG Committee in FY23.
4. Includes performance related commission for employees; Executive Directors elected not to take an annual bonus in 2021 or 2024.

CEO to employee pay ratio

The table below discloses the ratio between the CEO's remuneration and Motorpoint's wider workforce.

FY	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024	Option A	20.2:1	14.1:1	10.2:1
2023	Option A	29.5:1	25.8:1	15.1:1
2022	Option A	31.3:1	28.3:1	16.4:1
2021	Option A	17.6:1	15.8:1	10.7:1
2020	Option A	20.5:1	18.0:1	10.25:1

Disclosure of employee data used to calculate the ratio for FY24:

	25th percentile	Median	75th percentile
Total pay and benefits of employees	£28,000	£39,905	£54,253
Basic salary of employees	£22,318	£25,525	£29,586

The table above sets out the CEO pay ratio for each financial year from FY20. The CEO pay is compared to the pay of our UK employees at the 25th, 50th and 75th percentile, calculated by reference to 31 March 2024.

In line with last year's calculation, the ratios have been calculated in accordance with Option A, as this is considered to be the most accurate method of calculation.

CEO pay has been calculated using the total single figure. The total pay for the employees comprises full time equivalent salary, benefits, pension and annual bonus payments relating to FY24 performance. Remuneration for part time employees has been calculated on a full time basis based on the full time number of hours for the role.

At 14.1:1, the median CEO pay ratio has decreased for FY24 compared to FY23; this is primarily due to a lower level of bonus being paid in FY24.

The Committee is satisfied the ratios are representative of Motorpoint's pay and reward policies, taking into account that the reward policies and practices across the Group are considered by the Committee in the design and implementation of the remuneration policy each year for the Executive Directors.

Relative importance of spend on pay

The following table sets out the percentage change in employee costs and dividends paid in FY24 compared to the prior year.

	FY23 (£m)	FY24 (£m)	Percentage change
Total employee remuneration	36.2	33.1	(8.6)%
Dividends paid	0	0	0%

Statement of shareholder voting (2023 AGM voting)

The following table shows the voting results at the Company's 2023 AGM in respect of the resolution on the Remuneration Report for FY23 and the resolution to approve the current Directors' Remuneration Policy.

Votes cast	% votes for	% votes against	Votes withheld
Directors' Remuneration Report FY23 (2023 AGM)	97.73	2.27	1
Directors' Remuneration Policy FY23 (2023 AGM)	97.73	2.27	0

Implementation of the policy in FY25

A summary of how the remuneration policy will be applied during the forthcoming financial year is set out here.

Base salaries

Salaries will be frozen in FY25, which compares to an average increase for the workforce for FY25 of 2%.

	1 April 2023	1 April 2024	Percentage change
Mark Carpenter	£371,315	£371,315	0%
Chris Morgan	£270,529	£270,529	0%

Annual report on remuneration continued

Benefits and pension

No changes are proposed to the provision benefits. Executive Directors will continue to receive family private medical insurance, and a company car. Pension contributions (or cash in lieu of pension) will be 3% of salary for the CEO and CFO.

Annual bonus

The annual bonus opportunity will remain at 100% of salary and is based on performance measures aligned to the business strategy. The Committee has reviewed the measures and weightings in light of the strategic priorities for FY25. The measures are as follows: PBT (25%), market share growth (25%), sales attributed to digital leads (10%), cars acquired from consumers (15%), customer satisfaction (10%), employee engagement (10%) and an environmental metric based on the reduction of Scope 1 and 2 emissions (5%).

PBT measures the delivery of sustainable profitable growth whilst growth in market share and cars acquired from consumers directly link to the strategy pillar to increase customer acquisition and retention. Our customers and employees are two priority stakeholder groups and ensuring high levels of customer satisfaction and employee engagement link to our strategic pillars of expanding wholesale and E-commerce channels and operational efficiency through technology and innovation. The inclusion of the environmental metric reflects Motorpoint's commitment to ESG and the specific focus on reducing our greenhouse gas emissions.

The Committee considers the forward looking targets to be commercially sensitive as they relate to the current financial year, but full disclosure of targets and performance against them will be provided in next year's Annual Report.

Long term incentives

We will review the grant level at the time the award is made but at the share price at the time of writing (which is higher than the share price used to determine the prior year's award) we anticipate making the award at the normal policy level of 75% of salary.

In order for Restricted Shares to vest, the Committee must be satisfied that business performance is robust and sustainable and that management has strengthened the business. In assessing this performance condition, the Committee will consider financial and non-financial KPIs, including ESG performance, as well as delivery against strategic priorities. To the extent it is not satisfied that this performance condition is met, the Committee may scale back the level of vested awards, including to zero. This performance assessment will take place at the end of the third year.

The shares will vest 50%, 25% and 25% at years three, four and five, respectively, subject to the achievement of the underpin. All vested awards would need to be held (other than sales to pay any tax) for a total of five years from grant.

Chair and Non Executive Directors' fees

The fees payable to the Chair and NEDs for FY25 will remain the same as in FY24.

Non Executive Chair	£206,000
Other NEDs	£46,350
Additional responsibility fees:	
Chair of the Remuneration Committee	£7,725
Chair of the Audit Committee	£7,725
Chair of the ESG Committee	£3,865
Senior Independent Director	£5,150

Approval

This report was approved by the Board on 13 June 2024 and is signed on its behalf by:

Mary McNamara
Remuneration Committee Chair
13 June 2024

Directors' report

The Directors present their report, together with the audited financial statements of the Group and the Company, for the year ended 31 March 2024.

The Directors' report comprises the Board biographies (on pages 80 and 81), the Corporate Governance report (from pages 80 to 119), the Directors' report (from pages 113 to 117) and the Shareholder information section (on page 170).

The following information is provided in other appropriate sections of the Annual Report and is incorporated by the following references:

Information	Reported in	Page numbers
Likely future developments and performance of the Company	Strategic report	14
Employee engagement	Strategic report	34
SECR	Strategic report	40 to 42
Stakeholder engagement	Strategic report	33 to 37
Corporate Governance statement		80 to 85
Directors	Board leadership and purpose	83
	Remuneration report – Directors' beneficial interests and shareholding requirements	109
Viability statement	Strategic report	70 to 71
Details of Long Term Incentive Plan	Remuneration report	107 and 108
Accounting policies	Financial statements	132 to 141
Financial instruments	Financial statements	154 to 157
Financial risk management	Financial statements	154 to 157
Composition/operation of Board and committees	Corporate Governance report	83

Articles of Association

Any amendments to the Company's Articles of Association may only be made by passing a special resolution at a general meeting of the shareholders of the Company.

Directors

The names of Directors who served during or served the end of the year of their period of appointment, are listed on pages 80 to 81, together with details of each Director's skills, experience and current external appointments.

Directors' indemnities and insurance

The Company's Articles of Association provide for the Directors and officers to be appropriately indemnified subject to the provisions of the Companies Act 2006. The Company also holds Directors' and officers' liability insurance cover in place for the year and up to the date of signing this report.

Independent auditors

PricewaterhouseCoopers LLP acted as auditors throughout the year. In accordance with Section 489 and Section 492 of the Companies Act 2006, resolutions proposing the reappointment of PricewaterhouseCoopers LLP as the Company's auditors and authorising the Directors to determine the auditor's remuneration will be put to the 2024 AGM.

Donations and political expenditures

No political donations were made by the Company during the year and no contributions were made by the Company during the year to any non-UK political party.

Directors’ report continued

Employees with disabilities

Motorpoint is an equal opportunities employer and our culture is one that promotes excellence and celebrates success. We are committed to eliminating discrimination and encouraging diversity. We take pride in having a workplace which celebrates diversity. Our aim is that our people will be truly representative of all sections of society and reflect the diverse customer base that we enjoy.

It is important that each person feels respected and is able to perform to the best of their ability – we do not tolerate any form of discrimination and actively promote equal opportunities. Motorpoint proudly employs a number of people with a registered disability and gives full and fair consideration to new applications for employment made by disabled persons; this also includes internal promotions throughout the business. Our training and development interventions are available to all employees and we ensure reasonable adjustments are made for new and existing team members, should they be required, to accommodate their needs and deliver a safe and welcoming work environment.

This support applies throughout an employee’s career with us and should an individual find their circumstances change and they become disabled during their employment we would ensure total support and inclusion.

Research and development

The Company does not engage in research and development.

Existence of brands outside the UK

The Company has no stores outside the UK.

Workforce engagement

The Board recognises its various legal, fiduciary, statutory and governance obligations and duties in relation to stakeholder engagement, including those in respect of its own workforce. Mary McNamara, the Chair of Motorpoint’s Remuneration Committee, is the designated Non Executive Director with responsibility to engage with (and oversee engagement with) employees and involve relevant views and experiences in Board discussion and decision making (the Designated NED for Workforce Engagement). As the Designated NED for Workforce Engagement, Mary engages with (and oversees engagement with) employees in ways that are most effective in discerning relevant views and understanding their experiences.

Engagement with other stakeholders

In the discharge of their various legal, statutory and governance obligations and duties, the Directors have endeavoured to act to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard for the interests of its various stakeholders. Details of the various stakeholder groups and their associated engagement strategies are provided on pages 33 to 37 of this report. The Board ensures, in its discussion of relevant matters, that stakeholder interests are considered in related discussions and decision making processes and inform policies and procedures.

Substantial shareholdings

Information provided to the Company by substantial shareholders pursuant to the DTR is published via a Regulatory Information Service. As at 31 March 2024, the Company has been notified of the interests as set out below in its issued share capital. All such share capital has the right to vote at general meetings.

Shareholder as at 31 March 2024	No. of ordinary shares	% of issued shares
Saray Value Fund	18,396,567	20.40
Mark Carpenter	8,781,693	9.76
Forager Capital Management	8,128,643	9.01
LVO Global Asset Management SA	4,771,560	5.29
Mark Morris	4,227,213	4.69
Punch Card Capital LP	2,910,815	3.23

Following the year end, there have been no further notifications up until 31 May, being the last practicable date before publication of this report.

The shareholdings of Motorpoint Group Plc Directors are listed within the Directors’ Remuneration Report.

Powers of the Directors

The powers of the Directors are set out in the Companies Act 2006 and the Company's Articles of Association. The Directors were granted authority to issue and allot shares at the 2023 AGM. Shareholders will be asked to renew these authorities in line with the latest institutional shareholder guidelines at the 2024 AGM.

Appointment and replacement of Directors

With regard to the appointment and replacement of Directors, the Company is governed by the Articles of Association, the 2018 Code, the Companies Act 2006 and related legislation. Directors can be appointed by the Company by ordinary resolution at a general meeting, or by the Board. If a Director is appointed by the Board, such Director will hold office until the next AGM and shall then be eligible subject to Board recommendation, for election at that meeting.

In accordance with Provision 18 of the 2018 Code, each of the Directors, being eligible, will offer themselves for election or re-election at this year's AGM (subject to any retirements). The Company can remove a Director from office, either by passing a special resolution or by notice being given by all the other Directors.

Dividends

No dividends (interim or final) were paid, and no dividend is recommended by the Board.

Share capital

As at 31 March 2024, the Company's issued share capital comprised 89,969,630 ordinary shares with a nominal value of £0.01 each.

Ordinary shares

The holders of ordinary shares are entitled to one vote per share at meetings of the Company. All ordinary shares, other than those held from time to time in Treasury, are freely transferable and rank pari passu for voting and dividend rights. The Company is not aware of any agreements between holders of shares that result in any restrictions.

Employee Benefit Trust

As at 31 March 2024, the Motorpoint Employee Benefit Trust held 1,611,225 ordinary shares (FY23: 1,686,307).

Further information about share capital can be found in note 28 of the financial statements.

Change of control provisions

The Directors are not aware of there being any significant agreements that contain any material change of control provisions to which the Company is a party.

Under the terms of the facility, and in the event of a change of control of the Company, the bank can withdraw funding and all outstanding loans, accrued interest and other amounts due and owing become payable within 30 days of the change. No person holds securities carrying special rights regarding control of the Company.

Purchase of own shares

At the Company's AGM on 26 July 2023, shareholders approved an authority for the Company to make market purchases of its own shares up to a maximum of 9,018,988 shares (being approximately 10% of the issued share capital at that time) at prices not less than the nominal value of each share (being £0.01 each). On 26 January 2024, the Company announced its intention to repurchase up to 5m ordinary shares of £0.01 each. The Company intends to renew this authority at its 2024 AGM.

Allotment of shares

At the Company's AGM on 26 July 2023, shareholders approved an authority for the Company to allot ordinary shares up to a maximum nominal amount of £300,632 (being approximately one third of the Company's issued share capital at that time) increasing to £601,265 (being approximately two thirds of the Company's issued share capital at that time) in the case of a rights issue. The Company intends to renew this authority at its 2024 AGM.

Acquisitions of other companies' shares

The Company did not purchase or acquire the shares of another company in the year ended 31 March 2024; nor did any nominee of the Company or another company do so with the Company's financial assistance; nor did the Company take a lien or other charge on shares of another company.

Subsequent events

There are no reportable events post 31 March 2024 and prior to publication of this report.

Directors' report continued

Disclosure table pursuant to Listing Rule LR 9.8.4R

In accordance with LR 9.8.4R, the table below sets out the location of the information required to be disclosed, where applicable.

Listing Rule	Information to be included	Disclosure
9.8.4(1)	Interest capitalised by the Group	None
9.8.4(2)	Unaudited financial information (LR 9.2.18R)	None
9.8.4(4)	Long term incentive scheme information involving Board Directors (LR 9.4.3R)	Details can be found on page 107 and 108 of the Directors' Remuneration Report
9.8.4(5)	Waiver of emoluments by a Director	None
9.8.4(6)	Waiver of future emoluments by a Director	None
9.8.4(7)	Non-pre-emptive issues of equity for cash	None
9.8.4(8)	Non-pre-emptive issues of equity for cash in relation to major subsidiary undertakings	None
9.8.4(9)	Listed company is a subsidiary of another company	Not applicable
9.8.4(10)	Contracts of significance involving a Director or a controlling shareholder	None
9.8.4(11)	Contracts for the provision of services by a controlling shareholder	None
9.8.4(12)	Shareholder waiver of dividends	The trustees of the Motorpoint Group Plc Employee Share Trust have a dividend waiver in place in respect of ordinary shares which are its beneficial property
9.8.4(13)	Shareholder waiver of future dividends	The trustees of the Motorpoint Group Plc Employee Share Trust have a dividend waiver in place in respect of ordinary shares which are its beneficial property
9.8.4(14)	Agreement with controlling shareholder	None

Going concern

In accordance with the UK Corporate Governance Code 2018, the Board has assessed the prospects of the Group over a period in excess of 12 months from the date of signing the Group financial statements as required by the 'Going Concern' provision, by selecting the period to the end of December 2025.

The Group has managed its net debt comfortably, with headroom at the year end of £14.0m on the revolving credit facility, which was undrawn at the year end. Total headroom, including the stocking facilities, undrawn facilities and available cash, was in excess of £100m at the year end. During the year the Company renegotiated the terms of both its revolving credit facility, and stocking facilities, reducing available headroom from £29.0m and £195.0m to £14.0m and £150.0m respectively. The renegotiation secured improved terms for the Group's financial covenants, following the challenging economic circumstances experienced in FY24, and reflected the Group's current lower financing requirements. The Board considers that the available headroom, coupled with the cash generative nature of the business and the available cash levers provide a strong degree of financial resilience and flexibility.

In making their assessment the Directors considered the Group's current Balance Sheet and operational cash flows, the availability of facilities, and stress testing of the key trading assumptions within the Group's plan. A range of scenarios have been assessed by the Directors, including various possible downside scenarios against the base case. The Directors opted to model a specific scenario designed to create the conditions required to breach covenants within the going concern period as well as a plausible downturn on the base case.

Scenario	Outcome
Base case Based upon the Group's most recent approved forecasts. The base model assumes a recovery of profitability and unit volumes in FY25, based on current run rates of year on year unit volume growth, and a prudent estimate based on growth in the used car market. Thereafter, modest growth is applied as the business resumes its strategic goal of taking more market share.	The Group is not in breach of any financial covenants and is not in a drawdown position on the revolving credit facility at the end of the going concern period. The Group is able to meet all forecast obligations as they fall due.
Plausible downturn Top down stress testing was applied to the base case model, taking into account a plausible downturn in business performance, relative to possible economic pressure and stagnation in the growth of the used car market. This included volume and margin pressure, reducing revenue by 15% and an overall gross profit reduction compared to the base case of 21%. Fixed costs were inflated in this scenario by three percent in each year.	The Group is not in breach of any financial covenants and is not in a drawdown position on the Revolving Credit Facility at the end of the going concern period. The Group is able to meet all forecast obligations as they fall due.

Scenario	Outcome
Reverse stress test A scenario created to model the circumstances required to breach the Group's covenants within the going concern period. The Board considered the potential impacts in preparing the stress test. The below scenario was analysed: Reducing revenue (32% decrease from the base case) and decreasing gross profit overall by 38% through additional margin pressure.	This scenario is designed to result in a covenant breach within the assessed going concern period. Management believes that the combination of severe downsides to be remote, and that there are mitigating factors over and above those built into the reverse stress test modelling which the Board would consider to avoid a covenant breach.

The selection of the assumptions for the sensitised case is inherently subjective, and whilst the Board considered these assumptions to reflect a downside scenario, the future impact of economic downturn, interest rate rises or inflating overhead costs is impossible to predict with absolute accuracy.

Whilst the same applies to the reverse stress test, we note that this scenario is specifically designed to demonstrate the point at which the covenants breach during the going concern period. The reverse stress test reflects, in the Board's opinion, a remote circumstance and mitigating factors could be implemented to avoid a covenant breach in this scenario.

Scenario modelling has been considered throughout the year and at year end by management to formulate response options against moderate or severe downturns in sales volumes, potential margin pressures and possible cost challenges.

The Group's available headroom stands at £14.0m (FY23: £29.0m) through its Revolving Credit Facility (RCF) agreement. The Group also has an uncommitted overdraft facility of £6.0m which remains in place and was undrawn at the year end. Both are in place until June 2026 with the option to extend for two further one year extensions if both parties are agreed. With respect to the Group's stocking facilities, these have reduced from £195.0m to £150.0m during the year which the Board deem appropriate given current market conditions.

The Directors took action in the year to obtain covenant relief for its RCF agreement and for one of its stocking loan arrangements, reflecting a response to the reduction in overall headroom against covenants in FY24. The relief obtained has been agreed until the end of September 2025 for the RCF and an indefinite relaxation was agreed on the net assets covenant with Black Horse Limited in relation to its stocking loan facility. The specific details are disclosed in the notes to the accounts on pages 152 and 153.

In the eventuality of a period of prolonged economic downturn resulting in material reductions in sales volume or prices, as well as rising overhead costs, it is possible that the Group would need to negotiate changes to its current banking covenants, but such an extreme downturn is not currently considered plausible.

The Group continues to consider and monitor further potential mitigation actions it could take to strengthen its cash position and reduce operating costs in the event of a more severe downside scenario. Such cost reduction and cash preservation actions would include but are not limited to: reducing spend on specific variable cost lines including marketing and store trading expenses; team costs, most notably sales commissions; pausing new stock commitments; and reviewing expansionary capital spend, dividends and share buyback activity.

The Group has continued to demonstrate a flexible approach to trading and despite the constriction in the supply of nearly new vehicles, which is expected to slowly ease, the Group has been able to use its market position to access more stock to satisfy customer demand, both online and in store.

The Directors have also made use of the post year end trading performance to confirm that performance is in line with expectation. Whilst only a short period has passed since the year end, this evidence suggests that this is the case.

Based on this assessment, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2025.

The Board has determined that the period to December 2025 constitutes an appropriate period over which to provide its going concern assessment. This is the period detailed in our base case model which we approve each year as part of the strategic review. Whilst the Board has no reason to believe the Group will not be viable over a longer period, given the inherent uncertainty involved we believe this presents users of the Annual Report and Accounts with a reasonable degree of confidence while still providing a medium term perspective.

The Annual Report was approved by the Board on 13 June 2024.

Signed on behalf of the Board.

Chris Morgan
Chief Financial Officer
13 June 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law).

Under company law, 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 Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors section of the Governance report on pages 80 and 81 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

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Independent Auditors' Report

to the members of Motorpoint Group Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Motorpoint Group Plc's Group financial statements and Parent Company financial statements (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 31 March 2024 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Audit Committee.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise:

- the Consolidated Balance Sheet and Company Balance Sheet as at 31 March 2024;
- the Consolidated Statement of Comprehensive Income,
- the Consolidated Cash Flow Statement,
- the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended;
- and the Notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and appointment

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 8 to the consolidated financial statements, we have provided no non-audit services to the Parent Company or its controlled undertakings in the period under audit.

We were first appointed as auditors of Motorpoint Limited by its Directors on 18 September 2015 to audit the financial statements for the year ended 31 March 2015 and subsequently reappointed on 29 February 2016 to audit the financial statements for the year ended 31 March 2016.

Following the reorganisation of the Group headed by Motorpoint Holdings Limited and the formation of Motorpoint Group Plc, we were appointed by the Directors of Motorpoint Group Plc on 28 October 2016 to audit the financial statements for the year ended 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement is 10 years, covering the years ended 31 March 2015 to 31 March 2024.

Timeline of uninterrupted engagement

Our audit approach

The scope of our audit

We have performed a full scope audit over the Group's financial statements to Group materiality. We have also performed a full scope audit over the Parent Company's financial statements to company materiality. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Inventory valuation (Group)	Carrying value of investment in subsidiary undertakings (Parent Company)
Year on year: Consistent	**Year on year:** Consistent

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

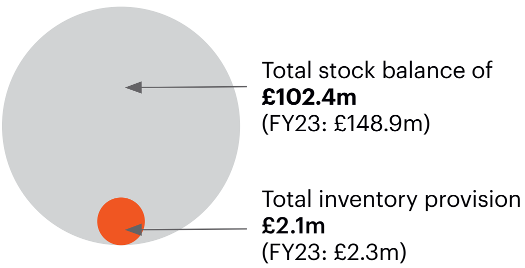
Inventory Valuation (Group)

Background:

Refer to the Audit Committee report and Notes 4 and 20 to the consolidated financial statements.

Management have calculated the provision based on a combination of historical data and assumptions regarding future sales margins. Management have also applied a manual overlay adjustment to the overall provision.

Given the magnitude of inventory balances and the estimation uncertainty as to future selling prices and therefore margins, there is a risk that inventory is overstated due to the net realisable value falling below cost given recent volatility within the used car market.



Procedures performed:

We have verified the mathematical accuracy of management's models used to calculate the inventory provision, agreeing historical data used within the model back to prior year audited data.

We have tested a sample of inputs used in management's models to appropriate third party evidence.

We have reviewed sales and margins post year end, and tested this data to supporting evidence, to understand actual loss making sales post year end. We have assessed the impact of this on the remaining population of unsold vehicles in order to estimate the total potential loss making sales in relation to vehicles held in stock as at 31 March 2024.

Observations

Based on the procedures performed, we consider the carrying value of inventory to be materially consistent with the evidence obtained.

Independent Auditors' Report continued

Carrying Value of Investment in Subsidiary Undertakings (Parent Company)

Background:

Refer to Note 3 to the Parent Company financial statements.

As at 31 March 2024 the parent company's balance sheet includes investments of £103.3m (FY23: £102.3m). Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. Given the outturn for FY24 being significantly below management's original budget, this is deemed to be a trigger for an impairment review.

Management have performed an impairment assessment based on fair value less costs to sell, using market capitalisation at the balance sheet date as a proxy for fair value less cost to sell, and concluded there is no impairment.

Procedures performed:

We have considered indicators of impairment and concur with management's judgement that the underperformance against budget represents a trigger for an impairment review.

We have reviewed Motorpoint Group Plc's market capitalisation and note that, whilst it has fluctuated throughout the year, for the majority of the year and at year-end the company's market capitalisation was above the carrying amount of the company's investments, before taking account of any acquisition premium in a fair value less costs to sell calculation.

Observations

Based on the procedures performed, we consider the carrying value of the investment in subsidiaries to be materially consistent with the evidence obtained.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

The Group and its subsidiaries are based in the UK. As at 31 March 2024 there are 20 open retail sites across the UK. We have performed a full scope audit over the Group's financial statements to Group materiality. We have also performed a full scope audit over the Parent Company's financial statements to Parent Company materiality.

We performed audit procedures over entities within the Group that, in aggregate, accounted for:

100%	100%	100%
Group revenue	**Group loss before tax**	**Group total assets**

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group	Parent Company
Overall materiality	£814,000 (FY23 £1.08m)	£1,033,000 (FY23 £1.023m)
How we determined it	0.075% of revenue	1% of total assets
Rationale for benchmark applied	Revenue is a key metric used by management and external stakeholders to assess the performance of the Group and it removes the impact of the significant volatility in profit before tax that has arisen in the last three years.	The principal function of the Parent Company is as a holding company for the investment in Motorpoint Limited. We have applied this benchmark, a generally accepted auditing benchmark, as we believe that this is the key measure used by the shareholders in evaluating the performance of the Parent Company.
Performance materiality	£610,000 (FY23 £810,000)	£774,000 (FY23 £767,000)
How we determined it	75% of overall materiality	75% of overall materiality
Level above which we report to the Audit Committee	£40,000 (FY23 £50,000)	£40,000 (FY23 £50,000)

We agreed we would also report misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

Independent Auditors' Report continued

The impact of climate risk on our audit

In considering the impact of climate risk on our audit, we:

- Made enquiries of management to understand the process adopted to assess the extent of the potential impact of climate risk on the financial statements and to assess the disclosures made within the financial statements;
- Considered the following area to potentially be materially impacted by climate risk and consequently we focused our audit work in this area: impairment of non current assets. Our risk assessment was based on this enquiry as well as the review of Motorpoint's most recent internal reporting to the board regarding climate risk;
- Agreed climate related costs included in cash flow forecasts to external supporting evidence, for example the cost of carbon offsetting and the increased cost of the insurance premia;
- Performed additional analysis on cash flow forecasts in order to assess the potential impact of another flood occurring, with the lower level of insurance cover available as a result of the flooding at the Derby site during the current year;
- Challenged the completeness of management's climate risk assessment by comparing with internal climate plans, board minutes and our understanding of the business and wider industry; and
- Considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the year ended 31 March 2024.

Our ability to detect irregularities, including fraud, and our response

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Listing Rules and Financial Conduct Authority regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries with unusual account combinations to increase revenue or reduce expenditure, and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- Reviewing of correspondence with regulators;
- Enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations or fraud;
- Review of minutes of meetings held by those charged with governance;
- Challenging assumptions and judgements made by management in their significant accounting estimates to identify potential management bias, in particular in relation inventory valuation; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations that increase revenue or reduce expenditure.

There are inherent limitations in these audit procedures. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's going concern paper and model;
- Challenging the key assumptions used in management's model and reviewed the downside models to assess the impact on covenant liquidity and impairment headroom;
- Reviewing the board approved budget / forecasts to support the going concern assumptions;
- Verifying the arithmetic accuracy of management's models mentioned above; and
- Assessing management's historical forecasting accuracy;
- Reviewing management's disclosures in relation to going concern and consistency with the modelling performed.
- Comparing the budgets and forecasts used in the going concern model to actual post year end data;

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Remuneration Committee Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent Auditors' Report continued

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic report and Governance section is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Parent Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Parent Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also 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.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC' s website at: www.frc.org.uk/auditorsresponsibilities This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- 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
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Parent Company financial statements and the part of the Remuneration Committee Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

The Parent Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Mark Skedgel (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

13 June 2024

Consolidated statement of comprehensive income

For the year ended 31 March 2024

	Note	2024 £m Before exceptional items	2024 £m Exceptional items[1]	2024 £m Total	2023 £m
Revenue	6	**1,086.6**	–	**1,086.6**	1,440.2
Cost of sales	7	**(1,013.5)**	–	**(1,013.5)**	(1,354.5)
Gross profit		**73.1**	–	**73.1**	85.7
Operating expenses	7	**(72.9)**	**(7.7)**	**(80.6)**	(79.2)
Other income		**1.3**	**5.6**	**6.9**	0.3
Operating profit / (loss)	7	**1.5**	**(2.1)**	**(0.6)**	6.8
Finance expense	11	**(9.7)**	**(0.1)**	**(9.8)**	(7.1)
Loss before income tax		**(8.2)**	**(2.2)**	**(10.4)**	(0.3)
Income tax income / (expense)	13	**1.8**	**0.2**	**2.0**	(0.3)
Loss for the year		**(6.4)**	**(2.0)**	**(8.4)**	(0.6)
Other comprehensive expenses:					
Items that will not be reclassified to profit or loss					
Tax relating to items which will not be reclassified to profit or loss	13	**(0.1)**	–	**(0.1)**	(0.1)
Other comprehensive expense		**(0.1)**	–	**(0.1)**	(0.1)
Total comprehensive expense for the year attributable to equity holders of the parent		**(6.5)**	**(2.0)**	**(8.5)**	(0.7)
Earnings per share attributable to equity holders of the parent					
Basic	14			**(9.3p)**	(0.7p)
Diluted	14			**(9.3p)**	(0.7p)

1. Detail on exceptional items is provided in note 12

The Group's activities all derive from continuing operations.

The notes on pages 132 to 161 are an integral part of these consolidated financial statements.

Consolidated balance sheet

As at 31 March 2024

	Note	2024 £m	2023 £m
ASSETS			
Non-current assets			
Property, plant and equipment	17	**8.8**	13.1
Right-of-use assets	18	**50.5**	58.4
Intangible assets	16	**3.7**	3.7
Deferred tax assets	19	**1.4**	–
Total non-current assets		**64.4**	75.2
Current assets			
Inventories	20	**102.4**	148.6
Trade and other receivables	22	**19.2**	18.4
Current tax receivable	13	**–**	1.3
Cash and cash equivalents	23	**9.2**	5.6
Assets held for sale	21	**2.6**	–
Total current assets		**133.4**	173.9
TOTAL ASSETS		**197.8**	249.1
LIABILITIES			
Current liabilities			
Trade and other payables, excluding contract liabilities	25	**(107.1)**	(143.8)
Borrowings	24	**–**	–
Lease liabilities	18	**(4.0)**	(3.4)
Total current liabilities		**(111.1)**	(147.2)
Net current assets		**22.3**	26.7
Non-current liabilities			
Lease liabilities	18	**(53.0)**	(60.2)
Provisions	26	**(2.6)**	(2.6)
Deferred tax liabilities	19	**–**	(0.2)
Total non-current liabilities		**(55.6)**	(63.0)
TOTAL LIABILITIES		**(166.7)**	(210.2)
NET ASSETS		**31.1**	38.9
EQUITY			
Called up share capital	29	**0.9**	0.9
Capital redemption reserve	30	**0.1**	0.1
Capital reorganisation reserve	31	**(0.8)**	(0.8)
EBT reserve	32	**(5.1)**	(5.3)
Retained earnings		**36.0**	44.0
TOTAL EQUITY		**31.1**	38.9

The consolidated financial statements on pages 128 to 161 were approved by the Board of Directors on 13 June 2024 and were signed on its behalf by:

M Carpenter
Chief Executive Officer

C Morgan
Chief Financial Officer

Motorpoint Group Plc
Registered number 10119755

Consolidated statement of changes in equity

For the year ended 31 March 2024

	Note	Called up share capital £m	Capital redemption reserve £m	Capital reorganisation reserve £m	EBT reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2022		0.9	0.1	(0.8)	(4.7)	43.9	39.4
Loss for the year		–	–	–	–	(0.6)	(0.6)
Other comprehensive expense for the year		–	–	–	–	(0.1)	(0.1)
Total comprehensive expense for the year		–	–	–	–	(0.7)	(0.7)
Transactions with owners in their capacity as owners:							
Share-based payments	34	–	–	–	–	0.9	0.9
EBT share purchases and commitments	32	–	–	–	(0.7)	–	(0.7)
Share-based compensation options satisfied through the EBT	32	–	–	–	0.1	(0.1)	–
		–	–	–	(0.6)	0.8	0.2
Balance at 31 March 2023		**0.9**	**0.1**	**(0.8)**	**(5.3)**	**44.0**	**38.9**
Loss for the year		–	–	–	–	**(8.4)**	**(8.4)**
Other comprehensive expense for the year		–	–	–	–	**(0.1)**	**(0.1)**
Total comprehensive expense for the year		–	–	–	–	**(8.5)**	**(8.5)**
Transactions with owners in their capacity a s owners:							
Share-based payments	34	–	–	–	–	**1.0**	**1.0**
Buyback and cancellation of shares		–	–	–	–	**(0.3)**	**(0.3)**
EBT share purchases and commitments	32	–	–	–	–	–	–
Share-based compensation options satisfied through the EBT	32	–	–	–	**0.2**	**(0.2)**	–
		–	–	–	**0.2**	**0.5**	**0.7**
Balance at 31 March 2024		**0.9**	**0.1**	**(0.8)**	**(5.1)**	**36.0**	**31.1**

The notes on pages 132 to 161 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 March 2024

	2024 £m	2023 £m
Loss for the year attributable to equity shareholders	**(8.4)**	(0.6)
Adjustments for:		
Taxation (credit) / charge	**(2.0)**	0.3
Finance expense	**9.8**	7.1
Operating (loss) / profit	**(0.6)**	6.8
Share-based payments	**1.0**	0.1
Impairment of assets held for sale	**0.2**	–
Loss made on assignment of lease	**0.2**	–
Depreciation and amortisation charges	**9.9**	9.4
Cash flow from operations before movement in working capital	**10.7**	16.3
Decrease in inventory	**46.2**	79.8
Increase in trade and other receivables	**(0.8)**	(4.8)
Decrease in trade and other payables	**(36.8)**	(50.0)
Cash generated from operations	**19.3**	41.3
Interest paid on borrowings and financing facilities	**(7.8)**	(5.1)
Interest paid on lease liabilities	**(2.0)**	(2.0)
Income tax received / (paid)	**1.6**	(1.1)
Net cash generated from operating activities	**11.1**	33.1
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	**(2.6)**	(9.4)
Proceeds from disposal of property, plant and equipment and right-of-use assets	**–**	9.7
Net cash (used in) / generated from investing activities	**(2.6)**	0.3
Cash flows from financing activities		
Payments to acquire own shares	**(0.3)**	–
Payments to satisfy employee share plan obligations	**–**	(0.7)
Repayment of principal element of leases	**(4.6)**	(5.9)
Repayment of borrowings	**(24.0)**	(57.0)
Proceeds from borrowings	**24.0**	28.0
Net cash used in financing activities	**(4.9)**	(35.6)
Net increase / (decrease) in cash and cash equivalents	**3.6**	(2.2)
Cash and cash equivalents at the beginning of the year	**5.6**	7.8
Cash and cash equivalents at end of year	**9.2**	5.6
Net cash and cash equivalents comprises: Cash at bank	**9.2**	5.6

Notes to the consolidated financial statements

1. General information

Motorpoint Group Plc (the 'Company') is incorporated and domiciled in the United Kingdom under the Companies Act 2006.

The Company is a public company limited by shares and is listed on the London Stock Exchange; the address of the registered office is Champion House, Stephensons Way, Derby, England, United Kingdom, DE21 6LY. The consolidated financial statements of the Group as at and for the year ended 31 March 2024 comprise the Company, all of its subsidiaries and the Motorpoint Group Plc Employee Benefit Trust (the 'EBT') as listed on page 166, together referred to as the 'Group'. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The principal activities of the Group and the nature of the Group's operations are set out in the Strategic Report on pages 1 to 79.

2. Summary of material accounting policy information

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared and approved by the Board on a historical cost basis except for assets held for sale and in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities including the Group's principal risks and uncertainties. This specifically includes considerations for climate related matters and more details are disclosed in note 17.

(b) Going concern

In accordance with the UK Corporate Governance Code 2018, the Board has assessed the prospects of the Group over a period in excess of 12 months from the date of signing the Group financial statements as required by the 'Going Concern' provision, by selecting the period to the end of December 2025.

The Group has managed its net debt comfortably, with headroom at the year end of £14.0m on the Revolving Credit Facility, which was undrawn at the year end. Total headroom, including the stocking facilities, undrawn facilities and available cash, was in excess of £100.0m at the year end. During the year the Company renegotiated the terms of both its Revolving Credit Facility, and stocking facilities, reducing available headroom from £29.0m and £195.0m to £14.0m and £150.0m respectively. The renegotiation secured improved terms for the Group's financial covenants, following the challenging economic circumstances experienced in FY24, and reflected the Group's current lower financing requirements. The Board considers that the available headroom, coupled with the highly cash generative nature of the business and the available cash levers provide a strong degree of financial resilience and flexibility.

Scenarios:
In making their assessment the Directors considered the Group's current balance sheet, and operational cash flows, the availability of facilities, and stress testing of the key trading assumptions within the Group's plan. A range of scenarios have been assessed by the Directors, including various possible downside scenarios against the base case. The Directors opted to model a specific scenario designed to create the conditions required to breach covenants within the going concern period as well as a plausible downturn on the base case.

Scenario	Outcome
Base Case Based upon the Group's most recent approved forecasts. The base model assumes a recovery of profitability and unit volumes in FY25, based on current run rates of year on year unit volume growth, and a prudent estimate based on growth in the used car market. Thereafter, modest growth is applied as the business resumes its strategic goal of taking more market share.	The Group is not in breach of any financial covenants and is not in a drawdown position on the Revolving Credit Facility at the end of the going concern period. The Group is able to meet all forecast obligations as they fall due.
Plausible Downturn Top down stress testing was applied to the base case model, taking into account a plausible downturn in business performance, relative to possible economic pressure and stagnation in the growth of the used car market. This included volume and margin pressure, reducing revenue by 15% and an overall gross profit reduction compared to the base case of 21%. Fixed costs were inflated in this scenario by three percent in each year.	The Group is not in breach of any financial covenants and is not in a drawdown position on the Revolving Credit Facility at the end of the going concern period. The Group is able to meet all forecast obligations as they fall due.
Reverse Stress Test A scenario created to model the circumstances required to breach the Group's covenants within the going concern period. The Board considered the potential impacts in preparing the stress test. The below scenario was analysed: Reducing revenue (32% decrease from the base case) and decreasing gross profit overall by 38% through additional margin pressure.	This scenario is designed to result in a covenant breach within the assessed going concern period. Management believes that the combination of severe downsides to be remote, and that there are mitigating factors over and above those built into the reverse stress test modelling which the Board would consider to avoid a covenant breach.

The selection of the assumptions for the sensitised case is inherently subjective, and whilst the Board considered these assumptions to reflect a downside scenario, the future impact of economic downturn, interest rate rises or inflating overhead costs is impossible to predict with absolute accuracy.

Whilst the same applies to the reverse stress test, we note that this scenario is specifically designed to demonstrate the point at which the covenants breach during the going concern period. The reverse stress test reflects, in the Board's opinion, a remote circumstance and mitigating factors could be implemented to avoid a covenant breach in this scenario.

Scenario modelling has been considered throughout the year and at year end by management to formulate response options against moderate or severe downturns in sales volumes, potential margin pressures and possible cost challenges.

The Group's available headroom stands at £14.0m (FY23: £29.0m) through its Revolving Credit Facility "RCF" agreement. The Group also has an uncommitted overdraft facility of £6.0m which remains in place and was undrawn at the year end. Both are in place until June 2026 with the option to extend for two further one year extensions if both parties are agreed. With respect to the Group's stocking facilities, these have reduced from £195.0m to £150.0m during the year which the Board deem appropriate given current market conditions.

The Directors took action in the year to obtain covenant relief for its RCF agreement and for one of its stocking loan arrangements, reflecting a response to the reduction in overall headroom against covenants in FY24. The relief obtained has been agreed until September 2025 for the RCF and an indefinite relaxation was agreed on the net assets covenant with Black Horse Limited in relation to its stocking loan facility. The specific details are disclosed in the notes to the accounts on pages 132 to 161.

Notes to the consolidated financial statements continued

2. Summary of material accounting policy information continued

In the eventuality of a period of prolonged economic downturn resulting in material reductions in sales volume or prices, as well as rising overhead costs, it is possible that the Group would need to negotiate changes to its current banking covenants, but such an extreme downturn is not currently considered plausible.

The Group continues to consider and monitor further potential mitigation actions it could take to strengthen its cash position and reduce operating costs in the event of a more severe downside scenario. Such cost reduction and cash preservation actions would include but are not limited to: reducing spend on specific variable cost lines including marketing and store trading expenses; team costs, most notably sales commissions; pausing new stock commitments; and reviewing expansionary capital spend, dividends and share buyback activity.

The Group has continued to demonstrate a flexible approach to trading and despite the constriction in the supply of nearly new vehicles, which is expected to slowly ease, the Group has been able to use its market position to access more stock to satisfy customer demand, both online and in store.

The Directors have also made use of the post year end trading performance to confirm that performance is in line with expectation. Whilst only a short period has passed since the year end, this evidence suggests that this is the case. Based on this assessment, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2025.

The Board has determined that the period to December 2025 constitutes an appropriate period over which to provide its going concern assessment. This is the period detailed in our Strategic Plan which we approve each year as part of the strategic review. Whilst the Board has no reason to believe the Group will not be viable over a longer period, given the inherent uncertainty involved we believe this presents users of the Annual Report and Accounts with a reasonable degree of confidence while still providing a medium term perspective.

(c) New standards, amendments and interpretations

The Group has not early adopted standards, interpretations or amendments that have been issued but are not mandatory for 31 March 2024 reporting periods.

The following amended standards and interpretations effective for the current financial year, have been applied and have not had a significant impact on the Group's consolidated financial statements in the current or future reporting periods and on foreseeable future transactions.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, entities controlled by the Company (its subsidiaries) and the Motorpoint Group Plc Employee Benefit Trust made up to 31 March each year.

A list of subsidiaries is disclosed in note 3 to the Company financial statements.

The EBT is consolidated on the basis that the Company has control, thus the assets and liabilities of the EBT are included in the balance sheet and shares held by the EBT in the Company are presented as a deduction from equity. The EBT has been solely set up for the purpose of issuing shares to Group employees to satisfy awards under the various share-based schemes detailed in note 34 and has no ability to access or use assets, or settle liabilities, of the Group.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions and balances between Group companies are eliminated on consolidation.

(e) Segmental reporting

The Group has prepared segmental reporting in accordance with IFRS 8 'Operating Segments'. The Group's chief operating decision maker is considered to be the Board of Directors. Segmental information is presented on the same basis as the management reporting. An operating segment is a component of the business where discrete financial information is available and the operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

Operating segments are aggregated into reporting segments to combine those with similar characteristics.

The Group operates its omnichannel vehicle retailer offering through a store network and separate financial information is prepared for these individual store operations. These stores are considered separate 'cash generating units' for impairment purposes. However, it is considered that the nature of the operations and products is similar and they all have similar long term economic characteristics and the Group has applied the aggregation criteria of IFRS 8. In addition, the Group operates an independent trade car auction site offering a business-to-business entirely online auction market place platform which is assessed by the Board as a separate operation and thus there are two reportable segments: retail and wholesale.

(f) Revenue recognition

Revenue represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. Revenue is measured at the fair value of the consideration receivable, when it can be reliably measured, and the specified recognition criteria for the sales type has been met. The transaction price is determined based on periodically reviewed prices and are separately identified on the customer's invoice. There are no estimates of variable consideration.

The transaction price for motor vehicles and motor related services is at fair value as if each of those products are sold individually.

(i) Sales of motor vehicles

Revenue from the sale of retail motor vehicles is recognised when the control has passed; that is, when the vehicle has been collected by, or delivered to, the customer. Payment of the transaction price is due immediately when the customer purchases the vehicle. Sales of accessories, such as mats, are recognised in the same way.

Revenue from the sale of wholesale vehicles is recognised when the control has passed; that is, when full payment has been made for the vehicle.

The Group operates a return policy which is consistent with the relevant consumer protection regulations. This is offered in the form of a seven day exchange guarantee to all retail customers and a 14 day money back guarantee for home delivery customers.

(ii) Sales of motor related services and commissions

Motor related services sales include commissions on finance introductions, extended guarantees and vehicle asset protection as well as the sale of paint protection products. Sales of paint protection products are recognised when the control has passed; that is, the protection has been applied and the product is supplied to the customer.

Vehicle extended guarantees and asset protection ('GAP insurance') where the Group is not contractually responsible for future claims, are accounted for by recognising the commissions attributable to Motorpoint at the point of sale to the customer.

Where the Group receives finance commission income, primarily arising when the customer uses third-party finance to purchase the vehicle, the Group recognises such income on an 'as earned' basis.

The assessment is based on whether the Group controls the specific goods and services before transferring them to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods or services.

The Group receives commissions when it arranges finance, insurance packages, extended warranty and paint protection for its customers, acting as agent on behalf of a limited number of finance, insurance and other companies. For finance and insurance packages, commission is earned and recognised as revenue when the customer draws down the finance or commences the insurance policy from the supplier which coincides with the delivery of the product or service. Commissions receivable for all motor related services are paid typically in the month after the finance is drawn down. For extended warranty and paint protection, the commission earned by the Group as an agent is recognised as revenue at the point of sale on behalf of the Principal.

(iii) Other income

Other operating income includes income from all other operating activities which are not related to the principal activities of the company. Other operating income includes insurance proceeds received and income recognised in relation to the logbook of a vehicle not provided by customers at the transaction date.

(g) Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period which the dividends are approved.

(h) Foreign currency

The Group's functional and presentation currency is the pound sterling.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(i) Intangible assets other than goodwill

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed annually with the effect of any changes being reflected on a prospective basis.

Notes to the consolidated financial statements continued

2. Summary of material accounting policy information continued

Research costs are expensed as incurred. An intangible asset arising from development expenditure on a project is only recognised if management considers that it is technically feasible and that there are sufficient resources available to complete the asset so that it will be available for use or sale, that it intends to complete and is able to sell or use the asset to generate future economic benefits and that the costs of the development project can be measured reliably. Following the initial recognition of the expenditure, the asset will be carried at cost less accumulated amortisation and impairment losses.

Amortisation is applied once the asset is available for use to write off the cost over the period which is expected to benefit from the use of or sale of the asset.

The annual amortisation rates applied to the Group's intangible assets on a straight-line basis are as follows:

Asset class	Depreciation method and rate
IT Projects	20% – 33.3% straight line

(j) Property, plant & equipment

Property, plant and equipment is stated at the cost less depreciation. The cost of property, plant and equipment includes directly attributable costs. Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows.

Asset class	Depreciation method and rate
Land	Nil
Freehold property	5% straight line
Short-term leasehold improvements	Lower of 20% straight line or remaining lease term
Plant and machinery	20% straight line
Fixtures and fittings	20% straight line
Office equipment	20% – 33.3% straight line

Assets in the course of construction are recorded separately within property, plant and equipment and are transferred to the appropriate classification when complete and depreciated from the date they are brought into use.

The residual values of the assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of assets is reviewed for impairment if events or changes in circumstances suggest that the carrying value may not be recoverable. Assets are written down to their recoverable amount if lower than their carrying value, and any impairment is charged to the statement of comprehensive income.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income within 'other income'.

(k) Financial instruments

IFRS 9 requires an entity to recognise financial assets and financial liabilities in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

The Group classifies financial instruments, or their component parts, on initial recognition as financial assets, financial liabilities or equity instruments according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

Financial assets

Trade receivables are initially recognised when they originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is classified either as being measured subsequently at fair value (either through other comprehensive income or through profit or loss), or measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets of the Group are classified as measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value reported in profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

The Group recognises loss allowances for Expected Credit Losses ('ECL') on financial assets measured at amortised cost. ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). All trade receivable balances are assessed individually.

ECL are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

From time to time based on purchasing decisions the Group holds hedging instruments to hedge currency risks arising from its activities. Hedging instruments are recognised at fair value. Any gain or loss on remeasurement is recognised in the statement of comprehensive income. However, the treatment of gains or losses arising from hedging instruments which qualify for hedge accounting depends on the type of hedge arrangement. The fair value of hedging instruments is the estimated amount receivable or payable to terminate the contract determined by reference to the market prices prevailing at the balance sheet date. Any ineffective portion of the hedge is recognised in the statement of comprehensive income. The Group currently has no hedge arrangements and no gain or loss is recognised in profit or loss in administrative expenses.

Financial liabilities

Financial liabilities are classified on initial recognition as either other financial liabilities measured at amortised cost or at fair value through profit or loss.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(l) Leases

The Group applies IFRS 16, using the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2024 as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an arrangement contains a Lease.

Notes to the consolidated financial statements continued

2. Summary of material accounting policy information continued

Lease liability – initial recognition

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted at the Group's incremental borrowing rate. The incremental borrowing rate is determined based on a series of inputs including the risk-free rate based on Government bond rates in addition to specific adjustments for risk and security. Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments such as those that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options where the Group is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Break and extension options are included in leases to provide operational flexibility should the economic outlook for an asset be different to expectations, and hence at commencement of the lease, break or extension options are not typically considered reasonably certain to be exercised, unless there is a valid business reason otherwise.

The lease liability is presented as a separate line in the consolidated balance sheet, split between current and non-current liabilities.

Lease liability – subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability – remeasurement

The lease liability is remeasured where:

- there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate; or
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

When the lease liability is re-measured, an equivalent adjustment is made to the right-of-use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in profit or loss.

Right-of-use asset – initial recognition

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, any dilapidation or removal costs, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the Group has an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The present value of these costs are included in the related right-of-use asset.

The right-of-use asset is presented as a separate line in the balance sheet.

Right-of-use asset – subsequent measurement

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

Impairment

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment – non-financial assets' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

Sale and leaseback

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. A lease liability is recognised, the associated property, plant and equipment asset is de-recognised, and a right-of-use asset is recognised at the proportion of the carrying value relating to the right retained. Any gain or loss arising relates to the rights transferred to the buyer.

(m) Inventory
Inventory is valued at the lower of cost and net realisable value, after due regard for slow moving vehicles.

Net realisable value is based on selling price less anticipated costs of completion and selling costs. When calculating an inventory provision management considers the nature and condition of the inventory as well as applying assumptions around expected saleability, determined on historic trading patterns.

Inventory cost is calculated using the specific identification method.

(n) Assets held for sale
Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of de-recognition.

Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the balance sheet.

(o) Trade receivables
Trade receivables represent the principal amounts outstanding from finance companies in respect of the financed element of sales to customers for motor vehicle and related products. Trade receivables are recognised net of any provision for impairment.

The carrying value of certain financial assets are measured on an expected credit loss approach. Trade and other receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

(p) Cash and cash equivalents
Cash and cash equivalents include cash in hand and at bank, and deposits held at call with banks. Where applicable, bank overdrafts are shown within borrowings in current liabilities.

(q) Current and deferred tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised, without discounting, in respect of all temporary differences arising between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date. Deferred tax is measured at the rates, based on the tax rates and law enacted or substantively enacted at the balance sheet date, that are expected to apply in the periods when the timing differences are expected to reverse.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

(r) Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect is immaterial.

Notes to the consolidated financial statements continued

2. Summary of material accounting policy information continued

(s) Stocking finance facilities
Stocking finance facilities, included within trade and other payables, are borrowings secured against the vehicle against which the facility is drawn down. These are short-term liabilities which are settled on the sale of a vehicle or a fixed maturity not greater than 150 days and as a result form part of the normal business operating cycle (see note 24 for more details). They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method unless the effect is immaterial.

(t) Share capital
Ordinary shares are classified as equity. Costs incurred in issuing equity are deducted from the equity instrument.

(u) Provisions
Provisions for making good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(v) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost and allocating the interest cost over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

(w) Employee benefits
(i) Pensions
The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions are charged in the statement of comprehensive income in the year in which they become payable in accordance with the rules of the scheme.

(ii) Other employee benefits
The Group recognises an expense for other short-term employee benefits, primarily holiday pay and employee commissions and bonuses on an accruals basis.

(iii) Share-based compensation
Equity-settled share-based compensation to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The estimate is measured using the Black-Scholes pricing model and excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 33.

The fair value determined at the grant date of the equity-settled share-based compensation is expensed on a straight line basis over the vesting period, based on the Group's estimates of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to equity reserves.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Cash-settled share-based compensation to employees and others providing similar services is measured at the fair value of the equity instruments at the grant date. A liability is recognised at the current fair value determined at each balance sheet date and at settlement.

(x) Contingent liabilities
Contingent liabilities are not recognised but are disclosed when the Group has a possible obligation as a result of past events and whose existence will be confirmed only by uncertain future events not wholly within the Group's control, or when the Group has a present obligation as a result of past events but either it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

(y) Earnings per share ('EPS')

The Group presents basic and diluted EPS for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. For diluted EPS, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

(z) Exceptional items

Material non-recurring items of income and expense, which relate entirely to significant one off events, are disclosed as 'exceptional items'. Further details on the nature of 'exceptional items' in FY24 can be found in note 12.

3. Underlying profit measures

The Group's chief operating decision maker is considered to be the Board of Directors. The Board of Directors measure the overall performance of the Group by reference to the following non-GAAP measures:

- earnings before interest, tax, depreciation, amortisation and exceptional items ('EBITDA');
- operating profit before exceptional items (adjusted operating profit); and
- profit before taxation before exceptional items (adjusted profit before taxation).

The adjusted measures are applied by the Board of Directors to understand the earning trends of the Group and are considered the most meaningful measures by which to assess the true operating performance of the Group.

4. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which have a significant risk of causing material adjustments to the carrying amount of assets and liabilities in the next financial year. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

Inventory provisions (note 20): Inventories are stated at the lower of cost and net realisable value. As in previous years, a provision is included where management feels net realisable value falls below cost. The level of provision is determined by management estimates based on historical and forecast sales and potential net realisable value. For those vehicles in stock as at the year end, an additional loss of £112 per car (FY23: £114 per car) would have to be realised to see a material adjustment to the inventory provision.

Significant judgements

IFRS 16 Lease term (note 18): The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Where leases contain options to break, the Group has assumed that these are exercised, unless there is reasonable certainty that the lease will be extended, and therefore the assumed duration for the liability is to the break point. Similarly, for any extension options, these have not been assumed to be utilised unless there is reasonable certainty. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances. Potential future undiscounted lease payments not included in the reasonably certain lease term, and hence not included in lease liabilities, total £5.1m (FY23: £6.2m). Future increases or decreases in rentals linked to an index or rate are not included in the lease liability until the change in cash flows takes effect.

Notes to the consolidated financial statements continued

5. Segmental information

The Group has prepared segmental reporting in accordance with IFRS 8 'Operating Segments'. Segmental information is presented on the same basis as the management reporting.

a. Description of segments and principal activities

The Group's operating segments are determined based on the Group's internal reporting to the Board. The performance of operating segments is assessed by the Board on the basis of gross profit with all assets and liabilities assessed on a Group basis.

The Board examines the Group's performance from a product perspective and has identified two reportable segments of its business:

Retail – the Motorpoint brand is an omnichannel vehicle retailer offering nearly new cars that are under five years old or have completed less than 50,000 miles. This segment also includes a range of commercial vehicles under the Motorpoint brand.

Wholesale – Auction4Cars.com is an independent trade car auction site offering a business-to-business entirely online auction market place platform allowing an efficient and quick route for sale of part exchange vehicles which do not fall into the nearly new retail criteria and purchases direct from consumers.

b. Segment Gross profit

	Retail 2024 £m	Retail 2023 £m	**Wholesale 2024 £m**	Wholesale 2023 £m	**Total 2024 £m**	Total 2023 £m
Gross profit						
Revenue	**931.1**	1,175.7	**155.5**	264.5	**1,086.6**	1,440.2
Cost of sales	**(866.8)**	(1,101.2)	**(146.7)**	(253.3)	**(1,013.5)**	(1,354.5)
Gross profit	**64.3**	74.5	**8.8**	11.2	**73.1**	85.7

Transactions between operating segments are made on an arm's length basis in a manner similar to those with third parties.

Cost of sales are specific and therefore directly attributable to each segment. Operating and financial expenses are not segregated for internal reporting purposes and hence have not been disclosed here.

c. Other profit and loss disclosures

There was an impairment charge of £0.2m recognised in FY24 (FY23: £Nil).

d. Segment assets and liabilities

Segment assets and liabilities are measured in the same way as in the financial statements. No further disclosure has been provided here, as internally assets and liabilities are not segregated for reporting purposes.

6. Revenue

Revenue has been analysed between the sale of goods and the sale of services below.

	2024 £m	2023 £m
Revenue analysis		
Revenue from sale of motor vehicles	**1,037.5**	1,370.7
Revenue from motor related services and commissions	**45.9**	62.6
Revenue recognised that was included in deferred income at the beginning of the year – Sale of motor vehicles	**0.2**	3.9
Revenue recognised that was included in deferred income at the beginning of the year – Motor related services and commissions	**3.0**	3.0
Total revenue	**1,086.6**	1,440.2

The Group has no contract liabilities (FY23: £Nil).

The Group has recognised a returns provision as at the year end of £1.1m (FY23: £2.0m).

The Group recognises the following accrued income balances:

	2024 £m	2023 £m
Accrued income		
Commissions[1]	**4.9**	4.6
	4.9	4.6

1. Accrued income relates to commissions earned from finance companies received the following month.

The Group recognises the following deferred income balances within accruals and deferred income:

	2024 £m	2023 £m
Deferred income		
Vehicles invoiced not collected	**0.1**	0.2
Commissions received not earned	**3.0**	3.0
Total deferred income	**3.1**	3.2

7. Operating profit / loss

Analysed as:

Operating profit / loss includes the effect of charging:	2024 £m	2023 £m
Inventory recognised as expense	**1,007.8**	1,345.0
Movement in provision against inventory	**0.2**	(0.1)
Employee benefit expense (note 9)	**33.1**	36.2
Depreciation of property, plant and equipment (note 17) and right-of-use assets (note 18)	**8.8**	9.0
Amortisation of intangible assets (note 16)	**1.1**	0.4
Expense on short term and low value leases	**0.4**	0.4
Exceptional income	**(5.6)**	–
Exceptional costs	**7.7**	–

Total expenses before exceptional items comprise:	2024 £m	2023 £m
Cost of sales	**1,013.5**	1,354.5
Operating expenses:		
Selling and distribution expenses	**19.4**	23.5
Administrative expenses	**53.5**	55.7
Total operating expenses before exceptional items:	**72.9**	79.2
Total expenses before exceptional items	**1,086.4**	1,433.7

Notes to the consolidated financial statements continued

8. Auditor's remuneration:

	2024 £m	2023 £m
Auditor's remuneration:		
Fees payable for the audit of the parent Company and consolidated financial statements	**0.3**	0.2
Fees payable for the audit of the Company's subsidiaries	**–**	–
Fees payable for non-audit services	**–**	–
Total	**0.3**	0.2

Non-audit services relate to access to the auditor's generic online accounting manual.

9. Employees and Directors

The aggregate employee benefit expenses were as follows:

	2024 £m	2023 £m
Employee benefit expenses:		
Wages and salaries	**28.3**	30.9
Social security costs	**3.1**	3.7
Pension costs	**0.7**	0.7
Share-based compensation charge (note 34)	**1.0**	0.9
	33.1	36.2

The average monthly number of employees (including Directors but excluding third-party contractors) employed by the Group was as follows:

	2024 No.	2023 No.
Average number of people employed:		
Sales and operations	**569**	600
Administration and support	**195**	299
	764	899

10. Directors' and key management remuneration

Key management has been identified as the Directors of Motorpoint Group Plc.

	2024 £m	2023 £m
Short-term employee benefits	**1.1**	1.0
Share-based payment	**–**	–
Employer contributions paid to money purchase schemes	**–**	–
	1.1	1.0

During the year the number of key management who were receiving benefits was 2 (FY23: 2).

In respect of the highest paid Director refer to page 97 of the Annual Report on Remuneration.

11. Finance expense

	2024 £m	2023 £m
Interest on bank borrowings	**0.7**	0.4
Interest on stocking finance facilities	**7.1**	4.7
Other interest payable	**2.0**	2.0
Total finance expense	**9.8**	7.1

12. Exceptional items

	2024 £m	2023 £m
Restructuring costs	**1.7**	–
Asset write off	**6.0**	–
Insurance proceeds	**(5.6)**	–
Total exceptional items before finance expense and income tax	**2.1**	–

Restructuring costs

A business efficiency review during the year has resulted in restructuring costs of £1.7m. This included a review and subsequent reduction in headcount, which resulted in redundancy costs of £1.1m. As part of this, the home delivery team was restructured and a related loss on disposal of home delivery trucks and an impairment of the remainder, totalling £0.2m (included within assets held for sale as at the year end) was incurred. Also, as part of this restructure, a decision was made to not progress with the opening of a new site. The cost of assignment of the lease, which included a one off payment to the new lease holder, and overhead costs incurred from the date a decision was made to dispose of the site, resulted in a loss on disposal of £0.4m. All restructuring was completed in FY24.

Asset write off

As a result of the flood which occurred at the Derby store on 21 October 2023, some fixed assets, and most of the inventory on site at the time was damaged and subsequently written off. Fixed assets and inventory written off totalled £5.4m with £0.6m relating to other costs incurred as a result of the flood.

Insurance proceeds

Insurance proceeds relate to amounts received against insured written off fixed assets and inventory following the flood at the Derby store.

Income tax income

The tax implications of the exceptional items is a credit of £0.2m.

Notes to the consolidated financial statements continued

13. Income tax expense

The tax credit / (charge) in the statement of comprehensive income represents:	2024 £m	2023 £m
Current tax:		
UK corporation tax	**(0.2)**	0.3
Adjustment in respect of prior years	**(0.1)**	(1.1)
Total current tax	**(0.3)**	(0.8)
Deferred tax:		
Origination and reversal of temporary differences	**(1.8)**	(0.1)
Adjustments in respect of prior years	**0.1**	1.2
Total deferred tax	**(1.7)**	1.1
Total tax credit / (charge) in the consolidated statement of comprehensive income	**(2.0)**	0.3

The income tax credit arising on exceptional items is £0.2m (FY23: £Nil).

Reconciliation of the total tax charge

The tax credit / (charge) in the statement of comprehensive income in the year differs from (FY23: differs from) the charge which would result from the standard rate of corporation tax in the UK of 25% (FY23: 19%):	2024 £m	2023 £m
Loss before taxation	**(10.4)**	(0.3)
Loss before taxation at the standard rate of corporation tax of 25% (FY23: 19%)	**(2.6)**	(0.1)
Tax effect of:		
– Expenses not deductible for tax purposes	**0.6**	0.5
– Adjustment in respect of prior years	**–**	(0.1)
Tax (credit) / charge in the consolidated statement of comprehensive income	**(2.0)**	0.3

A tax receivable balance of £Nil (FY23: £1.3m) is included within current assets as a result of the timing of the payments on account to HMRC.

Amounts recognised directly in equity

	2024 £m	2023 £m
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
– Deferred tax: Remeasurement of deferred tax for changes in tax rates	**–**	(1.1)
– Deferred tax: Adjustment in respect of prior years	**0.1**	1.2
Tax charge in the consolidated statement of comprehensive income	**0.1**	0.1

Factors affecting current and future tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. As at the balance sheet date of the 31 March 2024 the deferred tax asset has been calculated based on 25%, reflecting the expected timing of reversal of the related temporary differences (FY23: 25%).

14. Earnings per share

Basic and diluted EPS are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares during the year.

	2024	2023
Loss attributable to ordinary shareholders (£m)	**(8.4)**	(0.6)
Weighted average number of ordinary shares in Issue ('000)	**90,180**	90,190
Basic EPS (pence)	**(9.3)**	(0.7)
Diluted weighted average number of ordinary shares in Issue ('000)	**90,180**	90,190
Diluted EPS (pence)	**(9.3)**	(0.7)

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the currently operating schemes and the vested but not yet exercised options. This is shown in the reconciliation below. No dilution in FY24 due to the Group making a loss for the year.

There is a maximum of 1,440,453 additional options which have not been included in the dilutive calculation in relation to the SAYE schemes. Further information is included in note 34.

	2024	2023
Weighted average number of ordinary shares in Issue ('000)	**90,180**	90,190
Adjustment for share options ('000)	–	–
Weighted average number of ordinary shares for diluted earnings per share ('000)	**90,180**	90,190

15. Dividends

During the year no dividends were paid (FY23: £Nil).

The Board has not proposed a final dividend (FY23: £Nil) for the year ended 31 March 2024.

16. Intangible assets

	Work in progress £m	IT projects £m	Total £m
Cost and Net book value			
At 1 April 2022	–	0.6	0.6
Additions	3.4	0.1	3.5
Transfers	(2.8)	2.8	–
Disposals	–	–	–
Amortisation charge	–	(0.4)	(0.4)
At 31 March 2023	**0.6**	**3.1**	**3.7**
Additions	**1.1**	**0.1**	**1.2**
Transfers	**(1.6)**	**1.6**	–
Disposals	**(0.1)**	–	**(0.1)**
Amortisation charge	–	**(1.1)**	**(1.1)**
At 31 March 2024	–	**3.7**	**3.7**

The amortisation charge of £1.1m (FY23: £0.4m) has been recorded in operating expenses.

The intangible assets balance comprises capitalised employee and third party costs incurred in relation to internally generated new application programming interfaces between platforms used by the Group.

Notes to the consolidated financial statements continued

17. Property, plant and equipment

	Land £m	Short-term leasehold improvements £m	Plant and machinery £m	Fixtures and fittings £m	Office equipment £m	Work in progress £m	Total £m
Cost							
At 1 April 2022	2.2	10.3	2.2	3.0	4.1	0.6	22.4
Additions	–	0.2	0.1	0.2	0.2	5.2	5.9
Transfers	0.2	3.7	0.1	0.4	0.5	(4.9)	–
Disposals	–	–	–	–	–	(0.4)	(0.4)
At 31 March 2023	**2.4**	**14.2**	**2.4**	**3.6**	**4.8**	**0.5**	**27.9**
Additions	**–**	**0.5**	**0.3**	**0.3**	**0.3**	**–**	**1.4**
Transfers	**–**	**0.5**	**–**	**–**	**–**	**(0.5)**	**–**
Disposals and assets classified as held for sale	**(2.4)**	**–**	**(0.4)**	**–**	**–**	**–**	**(2.8)**
At 31 March 2024	**–**	**15.2**	**2.3**	**3.9**	**5.1**	**–**	**26.5**
Accumulated depreciation							
At 1 April 2022	–	5.8	1.3	1.4	3.0	–	11.5
Provided during the year	–	1.8	0.3	0.5	0.7	–	3.3
At 31 March 2023	**–**	**7.6**	**1.6**	**1.9**	**3.7**	**–**	**14.8**
Provided during the year	**–**	**1.5**	**0.3**	**0.5**	**0.6**	**–**	**2.9**
At 31 March 2024	**–**	**9.1**	**1.9**	**2.4**	**4.3**	**–**	**17.7**
Net book value							
At 31 March 2024	**–**	**6.1**	**0.4**	**1.5**	**0.8**	**–**	**8.8**
At 31 March 2023	2.4	6.6	0.8	1.7	1.1	0.5	13.1
At 31 March 2022	2.2	4.5	0.9	1.6	1.1	0.6	10.9

The depreciation expense of £2.9m (FY23: £3.3m) has been recorded in operating expenses.

Under IAS 36, the Group performs an annual assessment as to the existence of impairment indicators. Management identified an indicator of impairment as a result of the general market conditions including interest rates, inflation and supply shortages, which could have differing impacts at an individual site level. As such, an impairment assessment has been performed.

Recoverable amounts for cash generating units (individual stores) are the higher of fair value less costs of disposal, and value in use. Future cash flow projections are based on the Group's internal forecasts and include modest ongoing performance improvement, including in the newest stores. The Group considers these cash flows to be reasonable and conservative. The main assumptions within future cash flow projections relate to EBITDA growth and the risk adjusted discount rate. Management estimates the risk-adjusted discount rate, FY24 13.8% (FY23: 12.4%), using pre-tax rates that reflect the current market assessment of the time value of money.

The impairment review results in every cash generating unit showing a sufficiency of future cash flows, so no impairment charge has been made. The minimum headroom on any cash generating unit (CGU) is £1.2m (FY23: £1.2m).

An increase in the discount rate for the current year of 8.0%, would indicate the potential for impairment on a site by site basis (FY23: an increase in the discount rate of 3.5%, would indicate the potential for impairment on a site by site basis). An EBITDA decline of 23% across all CGUs for the next three years would be required to result in a material impairment.

The impairment review also includes performance of a high level financial review of the asset classes and cost categories likely to be impacted most significantly by climate change. An exercise was undertaken as part of our financial planning to ensure that our climate-related risks and any associated costs had been considered when assessing the value of our assets and future cash flow forecasts. An estimated impact of climate-related risks was included in the impairment review performed. Although there were costs anticipated as a result of climate-related risks, this did not result in any impairment being identified.

18. Leases

The Group only acts as a lessee.

(a) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	Land and buildings £m
Right-of-use assets	
Balance at 1 April 2022	46.7
Additions to right-of-use assets	17.4
Depreciation charge	(5.7)
Balance at 31 March 2023	58.4
Balance at 1 April 2023	**58.4**
Disposals of right-of-use assets	**(2.0)**
Depreciation charge	**(5.9)**
Balance at 31 March 2024	**50.5**

	Lease liabilities £m
Lease liabilities	
Balance at 1 April 2022	52.8
Additions to lease liabilities	16.7
Repayment of lease liabilities (including interest element)	(7.9)
Interest expense related to lease liabilities	2.0
Balance at 31 March 2023	63.6
Current	3.4
Non-current	60.2
Balance at 1 April 2023	**63.6**
Disposals of lease liabilities	**(2.0)**
Repayment of lease liabilities (including interest element)	**(6.6)**
Interest expense related to lease liabilities	**2.0**
Balance at 31 March 2024	**57.0**
Current	4.0
Non-current	53.0

A maturity analysis of lease liabilities based on undiscounted gross cash flows as at 31 March 2024 is reported in the table below.

	2024 £m	2023 £m
Within one year	**7.1**	7.5
In the second to fifth years inclusive	**28.2**	28.6
After five years	**36.1**	43.0
Total minimum lease payments	**71.4**	79.1
Interest charges	**(14.4)**	(15.5)
Lease liability	**57.0**	63.6

Notes to the consolidated financial statements continued

18. Leases continued

(b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2024 £m	2023 £m
Depreciation charge of right-of-use assets		
Buildings	**5.9**	5.7
Finance expense		
Interest expense	**2.0**	2.0

The total cash outflow for leases held as right-of-use assets in FY24 was £8.6m (FY23: £7.9m).

An expense on short term leases is also included of £0.4m (FY23: £0.4m).

There are no low value leases.

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices, stores and preparation centres. Rental contracts are typically made for fixed periods of three to 20 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Where leases contain options to break, the Group has assumed that these are exercised, unless there is reasonable certainty that the lease will be extended, and therefore the assumed duration for the liability is to the break point. Similarly, for any extension options, these have not been assumed to be utilised unless there is reasonable certainty.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease where relevant.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

There have been no lease payment breaks during the year.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Impairment assessment

Management has completed an impairment review of the Group's estate, using each retail store as a cash generating unit. Recoverable amounts for cash generating units are the higher of fair value less costs of disposal, and value in use. Further detail can be found in note 17: Property, plant and equipment.

19. Deferred tax assets / (liabilities)

The movement in deferred taxation assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Other temporary differences	Accelerated capital allowances £m	Other timing differences £m	Total £m
At 1 April 2022	0.9	0.1	1.0
Charged to statement of comprehensive income	(1.1)	–	(1.1)
Charged to equity	–	(0.1)	(0.1)
At 31 March 2023	**(0.2)**	**–**	**(0.2)**
Credited to statement of comprehensive income	**1.7**	**–**	**1.7**
Charged to equity	**–**	**(0.1)**	**(0.1)**
At 31 March 2024	**1.5**	**(0.1)**	**1.4**

Deferred tax of £Nil (FY23: £Nil) is expected to be recovered or settled within 12 months from the reporting date.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. As at the balance sheet date of the 31 March 2023 the deferred tax asset has been calculated based on 25%, reflecting the expected timing of reversal of the related temporary differences (FY22: 25%).

20. Inventories

	2024 £m	2023 £m
Finished goods: New and used vehicles for resale	**102.4**	148.6

The replacement cost of inventories is not considered to be materially different from the above values.

Provisions against inventory total £2.1m (FY23: £2.3m). Write down of inventories recognised as an expense in the period totalled £14.7m (FY23: £14.5m).

Inventory with a carrying value of £74.5m (FY23: £102.5m) has been pledged as security for the stocking finance facilities where funding has been drawn down on that inventory.

21. Assets classified as held for sale

	2024 £m	2023 £m
Land and buildings	**2.4**	–
Plant and machinery	**0.2**	–
	2.6	–

Assets held for sale are split between the one remaining piece of land held by the Group in Paisley, Scotland and the remaining home delivery trucks to be sold following the restructuring during FY24 (FY23: no such assets classified as assets held for sale).

Resultant gains or losses on disposal, which will be reported within the retail segment, are not considered material and will be included within administrative expenses. The transactions are expected to complete in the first half of FY25.

Notes to the consolidated financial statements continued

22. Trade and other receivables

Due within one year	2024 £m	2023 £m
Trade receivables[1]	**9.7**	9.9
Prepayments	**4.6**	3.9
Accrued income[2]	**4.9**	4.6
	19.2	18.4

1. Trade receivables are non-interest bearing and generally have a term of less than seven days. Due to their short maturities, the fair value of current trade and other receivables approximates to their book value. Trade receivables represent amounts due from financial institutions on the financed element of vehicle sales to customers. The maximum exposure to credit risk is the carrying amount. The Group has no provisions against trade receivables (FY23: £Nil).
2. Accrued income relates to commissions earned from finance companies.

None of the Group's trade receivables or other receivables were past due or impaired (FY23: £Nil). Trade and other receivables are valued at their book value which is equivalent to fair value and all are in sterling.

23. Cash and cash equivalents

	2024 £m	2023 £m
Cash at bank and in hand	**9.2**	5.6

24. Borrowings

During the year the Company renegotiated the terms of both its revolving credit facility and stocking facilities, reducing available headroom from £29.0m and £195.0m to £14.0m and £150.0m respectively. As at the reporting date £Nil of the revolving credit facility (FY23: £Nil) and £Nil of the overdraft (FY23: £Nil) was drawn down. The terms of the Revolving Credit Facility and overdraft require a full repayment for a period of at least one day or more in each financial year and half year with no less than one month between repayments.

The finance charge for utilising the facility was dependent on the Group's borrowing ratios as well as the base rate of interest in effect. During the year ended 31 March 2024 interest was charged at 6.0% (FY23: 2.4%) per annum. The interest charged for the year of £0.7m (FY23: £0.4m) has been expensed as a finance cost.

Net debt reconciliation

	Borrowings £m	Leases £m	Sub-total £m	Cash £m	Total £m
Net debt as at 1 April 2022	(29.0)	(52.8)	(81.8)	7.8	(74.0)
Financing cash flows	29.0	5.9	34.9	(2.2)	32.7
New leases	–	(16.7)	(16.7)	–	(16.7)
Other changes					
Interest expense	(5.1)	(2.0)	(7.1)	–	(7.1)
Interest payments (presented as operating cash flows)	5.1	2.0	7.1	–	7.1
Net debt as at 31 March 2023	–	(63.6)	(63.6)	5.6	(58.0)
Financing cash flows	–	**4.6**	**4.6**	**3.6**	**8.2**
Lease disposals	–	**2.0**	**2.0**	-	**2.0**
Other changes					
Interest expense	**(7.8)**	**(2.0)**	**(9.8)**	–	**(9.8)**
Interest payments (presented as operating cash flows)	**7.8**	**2.0**	**9.8**	–	**9.8**
Net debt as at 31 March 2024	–	**(57.0)**	**(57.0)**	**9.2**	**(47.8)**

25. Trade and other payables: amounts due within one year

	2024 £m	2023 £m
Trade payables		
– Trade creditors	**13.1**	18.6
– Stocking finance facilities[1]	**74.5**	102.5
Other taxes and social security		
– VAT payable	**1.4**	0.7
– PAYE/NI payable	**0.9**	0.9
Other creditors	**0.1**	0.3
Accruals and deferred income[2]	**17.1**	20.8
	107.1	143.8

1. Stocking finance facilities are provided from Black Horse Limited and Lombard North Central Plc. At 31 March 2024 the Group had £150.0m (split between £75.0m Black Horse Ltd and £75.0m Lombard North Central Plc) (FY23: £195.0m split £120.0m Black Horse Ltd and £75.0m Lombard North Central Plc) of stocking finance facilities of which £74.5m (FY23: £102.5m) was drawn.

   The stocking finance facility with Black Horse Limited was renegotiated in May 2019 and all borrowings are secured against the vehicle which the stocking finance facility is drawn down against. During FY24 it was reduced by £45.0m to £75.0m. The facility bears interest at the rate of 1.25% over the Sterling Overnight Index Average ("SONIA") rate since 1 January 2022 when 7 day LIBOR rate was no longer published.

   The stocking finance facility with Lombard North Central Plc was negotiated in March 2019 and all borrowings are secured against the vehicle which the stocking finance facility is drawn down against. The facility bears interest at the rate of 1.35% over the Sterling Overnight Index Average ("SONIA") rate since 1 January 2022 when 7 day LIBOR rate was no longer published.

   Interest expense in the year of £7.1m (FY23: £4.7m) has been recognised as a finance cost.
2. Included within accruals and deferred income is £0.1m (FY23: £0.2m) in relation to vehicles invoiced not collected at the reporting date and £3.0m (FY23: £3.0m) of commissions received in advance.

Other than the stocking finance facilities payable, trade and other payables are all non-interest bearing.

Due to their short maturities, the fair value of current liabilities approximates to their book value and all are in sterling.

26. Provisions

	2024 £m Current	**2024 £m Non-current**	**2024 £m Total**	2023 £m Current	2023 £m Non-current	2023 £m Total
Make good provision[1]	**–**	**2.5**	**2.5**	–	2.5	2.5
Onerous lease[2]	**–**	**0.1**	**0.1**	–	0.1	0.1
	–	**2.6**	**2.6**	–	2.6	2.6

Movements in each class of provision during the financial year are set out below:

	2024 £m Make good provision1	**2024 £m Onerous lease2**	**2024 £m Total**	2023 £m Make good provision[1]	2023 £m Onerous lease[2]	2023 £m Total
Carrying amount at start of year	**2.5**	**0.1**	**2.6**	2.5	0.1	2.6
Charged to statement of comprehensive income						
– additional provisions recognised	**–**	**–**	**–**	0.6	–	0.6
– unwinding of discount	**–**	**–**	**–**	–	–	–
Amounts used during the year	**–**	**–**	**–**	(0.6)	–	(0.6)
Carrying amount at end of year	**2.5**	**0.1**	**2.6**	2.5	0.1	2.6

1. Make good provision

   The Group is required to restore the leased premises of its locations to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of right-of-use assets and are amortised over the shorter of the term of the lease and the useful life of the assets.

   The timing of the cash outflow relating to the make good provision is in line with the life of the relevant lease. The remaining term on existing leases ranges from two to 15 years with a weighted average of nine years.

   There is judgement associated with the potential cost of remediation of each property and estimated provisions have been based on the past experience of the Group.
2. Onerous leases

   The Group operates across a number of locations and if there is clear indication that a property will no longer be used for its intended operation, a provision may be required based on an estimate of potential liabilities for periods of lease where the property will not be used at the end of the reporting period, to unwind over the remaining term of the lease. The onerous lease is likely to be utilised for a period of three years.

Notes to the consolidated financial statements continued

27. Financial instruments and risk management

The principal financial liabilities comprise inventory finance facilities, borrowings, and trade and other payables. The main purpose of these financial liabilities is to provide working capital funding for the Group. The main risks arising from financial liabilities are discussed further below. The principal financial assets comprise trade and other receivables, and cash at bank and in hand. The maximum exposure at the balance sheet date is the carrying value of the financial assets as disclosed in this note.

(a) Credit risk

The Group trades predominantly with retail customers. Sales to such customers are for cash and/or part exchange, often with finance provided by a selected panel of financial institutions. The majority of the Group's sales are thus for cash or the remittances of funds from financial institutions, which is achieved in a short period after the sale. As such the Group does not consider that it is exposed to credit risk from retail customers. The same is true for wholesale transactions, as dealers are required to pay for the vehicle before collection. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not considered to be significant. The maximum exposure is the carrying value amount as disclosed in this note. There is no significant concentration of credit risk within the Group. As a consequence, the Directors are satisfied that the Group's exposure to credit risk is acceptable.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from the default of counterparties, with a maximum exposure equal to the carrying amount of these instruments. Default is defined as the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Counterparty credit risk is managed through the monitoring and active management of counterparty balances.

(b) Foreign exchange risk

The Group is not exposed to a significant foreign exchange risk. In FY24 and FY23 there were no purchases of inventory from the EU, or other overseas countries and no hedging contracts were entered into.

At 31 March 2024 if sterling had weakened/strengthened by 10% against the Euro, with all other variables held constant, the recalculated post-tax profit for the year would therefore have been unchanged (FY23: unchanged) as a result of foreign exchange losses/gains on the translation of euro-denominated trade payables.

(c) Funding and liquidity risk

The funding arrangements of the Group at the balance sheet date consisted primarily of the stocking finance facilities, trade and other payables, as well as an unsecured loan facility provided by Santander UK Plc, split between £6.0m available as an uncommitted overdraft and £14.0m available as a revolving credit facility. Further information regarding these arrangements is included in note 24.

The Group monitors its risk to a shortage of funds using a long term business plan that considers the maturity of all of its financial liabilities and the projected cash flows from operations. The Group aims to have sufficient committed borrowing facilities and operating cash flows to cover its core long term requirements.

The maturity table that follows details the contractual, undiscounted cash flows (both principal and interest) for the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Interest payments have been calculated using the SONIA rates at the period end, except where rates had already been contracted.

2024	**Within 180 days £m**	**Within 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**	**Total £m**
Stocking finance facilities	**74.5**	**–**	**–**	**–**	**–**	**74.5**
Trade creditors and accruals	**27.1**	**–**	**–**	**–**	**–**	**27.1**
Other creditors	**0.1**	**–**	**–**	**–**	**–**	**0.1**
Lease liabilities	**3.5**	**3.6**	**7.2**	**21.0**	**36.1**	**71.4**
	105.2	**3.6**	**7.2**	**21.0**	**36.1**	**173.1**

2023	Within 180 days £m	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Stocking finance facilities	102.5	–	–	–	–	102.5
Trade creditors and accruals	36.2	–	–	–	–	36.2
Other creditors	0.3	–	–	–	–	0.3
Lease liabilities	3.7	3.8	7.2	21.4	43.0	79.1
	142.7	3.8	7.2	21.4	43.0	218.1

(d) Capital market risk

The Group is subject to capital market risk, primarily in relation to changes in interest rates. The Group's interest-bearing financial liabilities are analysed as follows:

	2024			2023		
	Floating £m	**Fixed £m**	**Total £m**	Floating £m	Fixed £m	Total £m
Sterling denominated	**74.5**	**–**	**74.5**	102.5	–	102.5
Total	**74.5**	**–**	**74.5**	102.5	–	102.5

At 31 March 2024 and 2023 the floating rate financial liabilities comprise stocking finance facilities that bear interest at rates based on Finance House Base Rate and a Revolving Credit Facility which bears interest based on the Sterling Overnight Index Average ("SONIA") rate since 1 January 2022 when the LIBOR rate was no longer published.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, to the Group's results before tax. The Group's equity would be impacted by this amount less tax at the prevailing rate.

	Increase/ decrease in basis points	**2024 £m**	2023 £m
Sterling	+50	**(0.4)**	(0.5)
Sterling	–50	**0.4**	0.5

(e) Capital management

The Group's objective when managing capital is to ensure adequate working capital for all operating activities and liquidity, including a comfortable headroom to take advantage of shorter term opportunities, or to weather short-term shocks. Secondly the Group aims to operate an efficient capital structure to achieve the business plan. For these purposes the Group considers capital to be shareholders' equity, borrowings and stocking finance facilities.

Consistent with others in the industry the Group monitors capital through the following ratio: total net debt as per note 23 divided by EBITDA (see "Alternative Performance Measures" section).

The funding arrangements of the Group at the balance sheet date consisted primarily of the stocking finance facilities, trade and other payables, as well as an unsecured loan facility provided by Santander UK Plc, split between £6.0m available as an uncommitted overdraft and £14.0m available as a Revolving Credit Facility. Further information regarding these arrangements is included in note 24.

There are certain covenants on the revolving credit and stocking facilities noted below in respect of the Group consolidated financial statements. The Group reviews covenant compliance on a monthly basis, both retrospectively and prospectively. As discussed more in note 2 and 4, in a stressed scenario, it is possible the Group would need to negotiate changes to the covenants but this is not considered plausible in the scenarios modelled.

At 31 March 2024 the Group had undrawn stocking finance facilities of £75.5m (FY23: £92.5m) and undrawn credit facilities of £20.0m (FY23: £35.0m) and further information can be found in note 2.

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants; terms are defined within the alternative performance measures section of the Glossary:

- the interest cover (EBITDA to borrowing costs, being bank interest only) should not be less than 4:1;
- adjusted leverage being the total net debt to adjusted EBITDA should not exceed 3:1;
- the reported net worth (net assets per the balance sheet) will not fall below the amount of £20.0m (FY23: £30.0m); and
- the fixed charge cover being EBITDAR (excluding stores opened in the last three years) to fixed charges (finance charges plus rent) shall not be less than 1:1 to September 2025 and then 1.25:1 for the remainder of the term of the agreement. This covenant was introduced during the early part of FY24.

In March 2024, the fixed charge covenant was reduced to 1:1 from 1.25:1 and the reported net worth covenant was reduced from £30.0m to £20.0m, the Group was compliant with both covenants throughout the period.

The Group has complied with these covenants as applicable throughout the reporting period. As at 31 March 2024, they were 16.4:1, 0:1, £30.9m and 1.56:1 respectively (FY23: 41:1, 0:1, £38.9m and N/A).

(f) Fair value estimation

The Group has no financial assets or liabilities carried at fair value.

Notes to the consolidated financial statements continued

27. Financial instruments and risk management continued

(g) Financial instruments by category

The Group's financial assets are all measured at amortised cost.

2024	Carrying value £m
Trade receivables	**9.7**
Accrued income	**4.9**
Cash and cash equivalents	**9.2**
	23.8

2023	Carrying value £m
Trade receivables	9.9
Accrued income	4.6
Cash and cash equivalents	5.6
	20.1

The Group's liabilities are classified as follows:

2024	Other financial liabilities at amortised cost £m	Liabilities not within the scope of IFRS 9 £m	Total £m
Borrowings	**–**	**–**	**–**
Trade creditors	**13.1**	**–**	**13.1**
Stocking finance facilities	**74.5**	**–**	**74.5**
Other taxes and social security	**–**	**2.3**	**2.3**
Lease liabilities	**57.0**	**–**	**57.0**
Other creditors	**0.1**	**–**	**0.1**
Accruals and deferred income	**14.0**	**3.1**	**17.1**
	158.7	**5.4**	**164.1**

2023	Other financial liabilities at amortised cost £m	Liabilities not within the scope of IFRS 9 £m	Total £m
Borrowings	–	–	–
Trade creditors	18.6	–	18.6
Stocking finance facilities	102.5	–	102.5
Other taxes and social security	–	1.6	1.6
Lease liabilities	63.6	–	63.6
Other creditors	0.3	–	0.3
Accruals and deferred income	17.6	3.2	20.8
	202.6	4.8	207.4

Fair value hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Group has no financial instruments carried at fair value.

(h) Credit quality of financial assets

As disclosed in note 22 the Group has no financial assets that are past due or impaired. The Group's financial assets represent balances due from a selected panel of financial institutions that provide finance to the Group's retail customers and cash and cash equivalents held with banks. The Group has banking arrangements in place with Santander UK Plc and financing arrangements in place with Lloyds Bank Plc and Barclays Bank Plc, all of which have a Fitch credit rating of A+. The Group does not obtain credit ratings for its customers. Due to their short maturities the expected credit loss on financial assets is estimated at £Nil.

28. Post-employment benefit obligations

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and is disclosed in note 9. Contributions totalling £0.1m (FY23: £0.3m) were payable to the scheme at the end of the year and are included in accruals.

29. Share capital

	2024		2023	
	Number '000	**Amount £m**	Number '000	Amount £m
Allotted, called up and fully paid ordinary shares of 1p each				
Balance at the beginning of the year	**90,190**	**0.9**	90,190	0.9
Bought back and held as treasury shares during the year	**(30)**	**–**	–	–
Released from treasury to satisfy employee share plan obligations	**–**	**–**	–	–
Bought back and cancelled during the year	**(190)**	**–**	–	–
Balance at the end of the year[1]	**89,970**	**0.9**	90,190	0.9

1. During the year 220,255 shares were purchased by the Company in accordance with the terms of its share buyback programme, as announced on 26 January 2024. Of these, 190,001 were cancelled as at 31 March 2024. The shares were acquired at an average price of 131.0p per share, with prices ranging from 133.0p to 129.0p. In the period from 1 April 2024 to 31 May 2024 972,280 shares were purchased by the Company.

   The 190,001 shares bought back and cancelled represent 0.2% of the issued ordinary shares, at a purchase cost of £0.3m.

There are currently 30,000 shares held in treasury which were cancelled post year end. Shares are held on behalf of employees within the Employee Benefit Trust (EBT) detailed in note 32.

The Group does not have a limited amount of authorised capital.

30. Capital redemption reserve

The capital redemption reserve represents the purchase by the Group of its own shares and comprises the amount by which distributable profits were reduced on these transactions in accordance with s733 of the Companies Act 2006. £0.0m (FY23: £Nil) was transferred into the capital redemption reserve during the year in respect of shares purchased by the Group and subsequently cancelled.

31. Capital reorganisation reserve

The capital reorganisation reserve represents the capital reduction in the nominal value of shares in Motorpoint Group Limited (re-registered as Motorpoint Group Plc on 10 May 2016) from £1 to 1p.

Notes to the consolidated financial statements continued

32. Employee Benefit Trust (EBT) reserve

The EBT has an independent trustee and has been set up to satisfy awards which are exercised in accordance with the terms of the various share-based schemes detailed in note 34.

At 31 March 2024 the EBT held 1,618,010 (FY23: 1,686,307) ordinary shares of 1p each in the Group, the market value of which amounted to £5.1m (FY23: £5.3m). Details of outstanding share awards and options are shown in note 34.

The consideration paid for the ordinary shares of 1p each in the Group held by the EBT at 31 March 2024 and 31 March 2023 has been shown as an EBT reserve and presented within equity for the Group. All other assets, liabilities, income and costs of the EBT have been incorporated into the accounts of the Group.

The table below shows the movements in equity from EBT transactions during the year:

	2024		2023	
	Number '000	**Amount £m**	Number '000	Amount £m
Shares purchased by the EBT in the year	**–**	**–**	340,000	0.7
Shares issued in respect of employee share schemes	**(68,297)**	**(0.2)**	(26,340)	(0.1)

Proceeds of £Nil (FY23: £0.1m) were received on the exercise of share-based payments. The weighted average cost of shares issued by the EBT was £0.2m (FY23: £0.1m).

Subsequent to the year end employee share options over 0 (FY23: 0) shares had been exercised and had been satisfied by ordinary shares issued by the EBT.

33. Other commitments

Capital commitments

The Group had capital commitments of £Nil at 31 March 2024 (FY23: £Nil).

34. Share-based compensation

Share options are granted to senior executives and other individuals throughout the organisation. The Group currently operates three share schemes and these are the Performance Share Plan ('PSP'), the Share Incentive Plan ('SIP') and the Save As You Earn ('SAYE') schemes. During FY21 the Restricted Shares Awards scheme ('RSA') was introduced, which operates under the rules of the PSP scheme.

The total expense recognised immediately in profit and loss arising from equity-settled share-based payment transactions in the year relating to the three schemes including associated national insurance ('NI') charges was £1.0m (FY23: £0.9m).

NI is being accrued, where applicable, at a rate of 13.8% (FY23: 15.05%) which management expects to be the prevailing rate when the awards are exercised, based on the share price at the reporting date. NI for the year ended 31 March 2024 relating to all awards was a charge of £Nil (FY23: £Nil).

Share Incentive Plan ('SIP')

The Group operated a SIP under which an award was made available to all eligible employees following admission to the London Stock Exchange in May 2016.

Performance Share Plan ('PSP')

The Group operates a Performance Share Plan for Executive Directors and certain key senior managers.

Restricted Share Award ('RSA')

Restricted shares differ from performance shares in a way that the grant level is scaled back, but the vesting of the shares is not subject to specific future conditions (other than a performance underpin).

SAYE scheme

The Group operates a SAYE scheme for all employees under which employees are invited to subscribe for options over the Company's shares at an exercise price representing a 10% discount to the closing mid-market price the day before the invitation date.

Plan	Grant date	Vesting date	Lapse date	Settlement type	Number of shares granted	Fair value at grant date[2] £	Exercise price £	Performance criteria
SIP	27–Jun–16	27–Jun–19	N/A	equity-settled	194,023	1.877	Nil	No
SIP	22–Dec–17	22–Dec–20	N/A	cash-settled	118,716	1.877	Nil	No
FY17 PSP	23–Jun–16	22–Jun–19	23–Jun–26	equity-settled	596,659	2.300	Nil	Yes
FY18 PSP	21–Jul–17	21–Jul–20	21–Jul–27	equity-settled	830,267	1.385	Nil	Yes
FY19 PSP	20–Jul–18	1–Apr–21	20–Jul–28	equity-settled	323,303	2.420	Nil	Yes
FY20 PSP (A)	22–Jul–19	22–Jul–21	22–Jul–29	equity-settled	203,620	2.204	Nil	Yes
FY20 PSP (B)[1]	22–Jul–19	22–Jul–22	22–Jul–29	equity-settled	412,022	2.204	Nil	Yes
FY21 RSA (A)	24–Aug–20	24–Aug–23	24–Aug–30	equity-settled	199,333	2.480	Nil	Yes
FY21 RSA (B)	24–Aug–20	24–Aug–23	24–Aug–30	equity-settled	37,877	2.480	Nil	Yes
FY21 RSA (C)	24–Aug–20	24–Aug–24	24–Aug–30	equity-settled	18,938	2.447	Nil	Yes
FY21 RSA (D)	24–Aug–20	24–Aug–25	24–Aug–30	equity-settled	18,938	2.336	Nil	Yes
FY22 RSA (A)	16–Jun–21	16–Jun–24	16–Jun–31	equity-settled	297,013	1.907	Nil	Yes
FY22 RSA (B)	16–Jun–21	16–Jun–24	16–Jun–31	equity-settled	82,589	1.907	Nil	Yes
FY22 RSA (C)	16–Jun–21	16–Jun–25	16–Jun–31	equity-settled	41,295	1.688	Nil	Yes
FY22 RSA (D)	16–Jun–21	16–Jun–26	16–Jun–31	equity-settled	41,295	1.494	Nil	Yes
FY23 RSA (A)	22–Jun–22	22–Jun–25	22–Jun–32	equity-settled	442,424	1.442	Nil	Yes
FY23 RSA (B)	22–Jun–22	22–Jun–25	22–Jun–32	equity-settled	111,055	1.442	Nil	Yes
FY23 RSA (C)	22–Jun–22	22–Jun–26	22–Jun–32	equity-settled	55,527	1.272	Nil	Yes
FY23 RSA (D)	22–Jun–22	22–Jun–27	22–Jun–32	equity-settled	55,527	1.121	Nil	Yes
FY24 RSA (A)	27–Jun–23	27–Jun–26	27–Jun–33	equity-settled	707,344	0.733	Nil	Yes
FY24 RSA (B)	27–Jun–23	27–Jun–26	27–Jun–33	equity-settled	185,147	0.733	Nil	Yes
FY24 RSA (C)	27–Jun–23	27–Jun–27	27–Jun–33	equity-settled	92,574	0.659	Nil	Yes
FY24 RSA (D)	27–Jun–23	27–Jun–28	27–Jun–33	equity-settled	92,574	0.593	Nil	Yes
SAYE19	21–Dec–18	1–Feb–22	1–Aug–22	equity-settled	283,012	0.500	1.89	No
SAYE20	23–Dec–19	1–Feb–23	1–Aug–23	equity-settled	222,040	0.890	2.30	No
SAYE21	23–Dec–20	1–Feb–24	1–Aug–24	equity-settled	259,001	0.940	2.77	No
SAYE22	20–Dec–21	1–Feb–25	1–Aug–25	equity-settled	403,215	1.024	2.76	No
SAYE23	22–Dec–22	1–Feb–26	1–Aug–26	equity-settled	454,600	0.280	1.39	No
SAYE24	22–Dec–23	1–Feb–27	1–Aug–27	equity-settled	1,335,935	0.150	0.69	No
					8,115,863			

1. The current assumption of non-vesting conditions reduces the fair value to zero at the balance sheet date.
2. The fair value at grant date as disclosed above is prior to applying an assumption for the number of shares not expected to vest due to participants leaving the scheme.

Notes to the consolidated financial statements continued

34. Share-based compensation continued

	SIP		SAYE		PSP		RSA		2024		2023	
	FY24	FY23	**FY24**	FY23	**FY24**	FY23	**FY24**	FY23	**Weighted average exercise price £**	**Number of options**	Weighted average exercise price £	Number of options
Outstanding at 1 April FY	**15,159**	46,386	**739,218**	724,810	**429,182**	435,438	**1,212,467**	730,370	**0.52**	**2,396,026**	0.79	1,937,004
Awarded	**–**	–	**1,335,935**	454,600	**–**	–	**1,307,766**	695,061	**0.35**	**2,643,701**	0.55	1,149,661
Forfeited	**–**	(26,557)	**(519,836)**	(387,806)	**–**	(6,256)	**(78,773)**	(212,964)	**(1.32)**	**(598,609)**	(1.31)	(633,583)
Lapsed	**–**	(592)	**(114,864)**	(26,016)	**–**	–	**–**	–	**(1.86)**	**(114,864)**	(1.31)	(26,608)
Exercised	**(1,968)**	(4,078)	**–**	(26,370)	**(17,160)**	–	**(31,601)**	–	**–**	**(50,729)**	(1.64)	(30,448)
Outstanding at 31 March FY	**13,191**	15,159	**1,440,453**	739,218	**412,022**	429,182	**2,409,859**	1,212,467	**0.27**	**4,275,525**	0.52	2,396,026
Exercisable at 31 March FY	**13,191**	15,159	**29,074**	63,060	**–**	17,160	**86,755**	–	**0.62**	**129,020**	1.25	95,379

The option pricing model used by the entity to value the shares in the period in which they were launched is the Black-Scholes model.

The range of exercise prices of share options outstanding at the end of the period for SAYE plans is between £0.69 and £2.77 (FY23: £1.12 and £2.77). The exercise price for PSP and RSA share awards is £Nil (FY23: £Nil).

The assumptions used in the measurement of the fair value at grant dates of the SAYE scheme are as follows.

	Share price at grant date £	Expected volatility %	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
22 December 2023	1.03	37.8	3.0	4.1	1.63	65.7	0.15
22 December 2022	1.45	44.9	3.0	3.3	1.63	38.9	0.28
20 December 2021	3.45	43.6	3.0	1.3	1.63	27.1	0.75
23 December 2020	2.81	51.7	3.0	2.5	1.29	27.1	0.94
23 December 2019	2.89	37.5	3.0	2.5	3.00	27.1	0.89
21 December 2018	2.04	34.5	3.0	2.5	2.85	27.1	0.50
27 December 2017	1.97	34.3	3.0	2.5	2.85	27.1	0.49
27 December 2016	1.28	33.0	3.0	2.5	3.10	27.1	0.32

The maximum subscription offered is £3,600 (equivalent to £100 per month over the 36 month saving period). Contributions from salary are made into a savings account and on maturity participants can exercise their option to buy shares at the discounted rate with their saved contributions or have the funds returned to them.

Expected volatility is estimated by considering historic average share price volatility of Motorpoint Group Plc share price at the grant date. The requirement that an employee has to save in order to purchase shares under the SAYE is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation obtained from the Black-Scholes pricing model.

	FY24 SAYE		FY23 SAYE		FY22 SAYE		FY21 SAYE		FY20 SAYE	
	Number	Option exercise price £	Number	Option exercise price £	Number	Option exercise price £	Number	Option exercise price £	Number	Option exercise price £
Outstanding at 1 April 2023	–	–	432,983	1.39	162,704	2.76	80,471	2.77	63,060	2.30
Awarded	**1,335,935**	**0.69**	–	–	–	–	–	–	–	–
Forfeited	**(66,125)**	–	(339,269)	–	(114,849)	–	(51,397)	–	(63,060)	–
Vested / early exercise	–	–	–	–	–	–	–	–	–	–
Outstanding at 31 March 2024	**1,269,810**	–	93,714	–	47,855	–	29,074	–	–	–

The total charge in the year, included in administrative expenses, in relation to these awards was £0.2m (FY23: £0.3m).

The weighted average remaining contractual life of the outstanding share options based on the relevant vesting date as at the year end is 1.5 years (FY23: 1.3 years).

35. Transactions and balances with related parties

There were no transactions with related parties other than Directors and key management. Their remuneration including share-based payment as detailed in note 10 to the financial statements and their beneficiary owned shares are detailed in the Remuneration Committee Report on page 109.

36. Contingent liabilities

On 11 January 2024, the Financial Conduct Authority (FCA) announced a section 166 review of historical motor finance commission arrangements and sales, and plan to communicate a decision on next steps in the second half of 2024 based on the evidence collated in the review. The FCA has indicated that such steps could include establishing an industry-wide consumer redress scheme and/or applying to the Financial Markets Test Case Scheme, to help resolve any contested legal issues of general importance.

Following the FCA Motor Market Review in March 2019, the FCA issued a policy statement in July 2020 prohibiting the use of discretionary commission models from 28 January 2021, which the Group adhered to. The Group continues to believe that its historical practices were compliant with the law and regulations in place at that time. The Group is not directly involved in the selling of finance products to consumers; instead refers consumers to third parties who administer and are responsible for the finance product themselves. As a result, the Directors believe that the probability of a liability arising to the company is possible, but not probable and so no liability is recognised within these financial statements in relation to any potential claims.

Company balance sheet

As at 31 March 2024

	Note	2024 £m	2023 £m
Assets			
Non-current assets			
Investments	3	**103.3**	102.3
Total non-current assets		**103.3**	102.3
Total assets		**103.3**	102.3
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year	4	**(53.1)**	(53.1)
Total current liabilities		**(53.1)**	(53.1)
Net current liabilities		**(53.1)**	(53.1)
Total liabilities		**(53.1)**	(53.1)
Net assets		**50.2**	49.2
Equity			
Called up share capital	6	**0.9**	0.9
Capital redemption reserve	7	**0.1**	0.1
EBT Reserve		**(5.1)**	(5.3)
Retained earnings			
At 1 April 2023 and 2022 respectively		**53.5**	53.0
Loss for the year		**0.3**	(0.3)
Share-based payments		**1.0**	0.9
Buyback and cancellation of shares		**(0.3)**	–
Share-based compensation options satisfied through the EBT		**(0.2)**	(0.1)
		54.3	53.5
Total equity		**50.2**	49.2

The notes on pages 164 to 167 are an integral part of these financial statements.

The financial statements on pages 162 to 167 were approved by the Board of Directors on 13 June 2024 and were signed on its behalf by:

M Carpenter
Chief Executive Officer

C Morgan
Chief Financial Officer

Motorpoint Group Plc
Registered number 10119755

Company statement of changes in equity

For the year ended 31 March 2024

	Note	Called up share capital £m	Capital redemption reserve £m	EBT reserve £m	Retained earnings £m	Total equity £m
At 1 April 2022		0.9	0.1	(4.7)	53.0	49.3
Loss for the year		–	–	–	(0.3)	(0.3)
Transactions with owners in their capacity as owners:						
Share-based payments		–	–	–	0.9	0.9
EBT share purchases and commitments		–	–	(0.7)	–	(0.7)
Share-based compensation options satisfied through the EBT		–	–	0.1	(0.1)	–
		–	–	(0.6)	0.8	0.2
At 31 March 2023		**0.9**	**0.1**	**(5.3)**	**53.5**	**49.2**
Profit for the year		**–**	**–**	**–**	**0.3**	**0.3**
Transactions with owners in their capacity as owners:						
Share-based payments		**–**	**–**	**–**	**1.0**	**1.0**
Buyback and cancellation of shares		**–**	**–**	**–**	**(0.3)**	**(0.3)**
EBT share purchases and commitments		**–**	**–**	**–**	**–**	**–**
Share-based compensation options satisfied through the EBT		**–**	**–**	**0.2**	**(0.2)**	**–**
		–	**–**	**0.2**	**0.5**	**0.7**
Balance at 31 March 2024		**0.9**	**0.1**	**(5.1)**	**54.3**	**50.2**

Notes to the company financial statements

1. Summary of material accounting policy information

Motorpoint Group Plc (the 'Company') is incorporated and domiciled in the United Kingdom under the Companies Act 2006.

The Company is a public company limited by shares and is listed on the London Stock Exchange; the address of the registered office is Champion House, Stephensons Way, Derby, England, DE21 6LY. The principal activity of the Company is to provide the services of the Directors to the Group and that of a holding company.

(a) Basis of preparation

These Company financial statements for the year ended 31 March 2024 have been prepared in accordance with United Kingdom accounting standards including FRS 102 and the Companies Act 2006. These financial statements are prepared on a going concern basis, under the historical cost convention. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

The Directors of the Company are also Directors of Motorpoint Group Plc and have used the going concern principle on the basis that the current profitable financial projections and facilities of the consolidated Group will continue in operation for the foreseeable future, being a period of at least 12 months from the date of this report. The Company is in a net current liability position; however as Motorpoint Limited is a wholly owned subsidiary of the Company, those outstanding balances will not be settled unless the Company has the means to repay. For further details of the going concern status of the Group see page 133.

The Company financial statements have been prepared in sterling which is the functional and presentational currency of the Company and have been presented in round £m.

As permitted under section 408 of the Companies Act 2006 an entity profit and loss is not included as part of the published consolidated financial statements of Motorpoint Group Plc.

(b) Critical accounting judgements

The preparation of the financial statements requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity for the Group are disclosed in note 4 to the consolidated financial statements. There are no critical estimates or judgements specific to the Company.

(c) Investment in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amounts exceed the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment. Where equity-settled share-based compensation is granted to the employees of subsidiary companies, the fair value of the award is treated as a capital contribution by the Company and investments in subsidiaries are adjusted to reflect this capital contribution.

(d) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(e) Financial instruments

The Company is applying sections 11 and 12 of FRS 102 in respect of the recognition and measurement of financial instruments. Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

The Company classifies financial instruments, or their component parts, on initial recognition as financial assets, financial liabilities or equity instruments according to the substance of the contractual arrangements entered into.

(f) Financial equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

(g) Financial liabilities

Financial liabilities are classified on initial recognition as either other financial liabilities measured at amortised cost or at fair value through profit or loss.

(h) Share capital

Ordinary shares are classified as equity. Costs incurred in issuing equity are deducted from the equity instrument.

(i) Employee benefits

(i) Pensions

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions are charged in the statement of comprehensive income in the year in which they become payable in accordance with the rules of the scheme.

(ii) Other employee benefits

The Group recognises an expense for other short-term employee benefits, primarily holiday pay and employee commissions and bonuses on an accruals basis.

(iii) Share-based compensation

Equity-settled share-based compensation to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The estimate is measured using the Black-Scholes pricing model and excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 34 of the Group's financial statements.

The fair value determined at the grant date of the equity-settled share-based compensation is expensed on a straight line basis over the vesting period, based on the Group's estimates of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to equity reserves.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Cash-settled share-based compensation to employees and others providing similar services is measured at the fair value of the equity instruments at the grant date. A liability is recognised at the current fair value determined at each balance sheet date and at settlement.

(j) Exemptions for qualifying entities under FRS 102

FRS 102 allows certain disclosure exemptions. The Company has taken the exemptions under FRS 102 paragraphs 1.12 (b), (d) and (e) from including the preparation of a cash flow statement and disclosure in relation to share-based compensation and key management compensation, since equivalent disclosures are included in the consolidated financial statements of the Group headed by Motorpoint Group Plc.

2. Employees and Directors

The Company has no employees other than Directors (FY23: none). Full details of the Directors' remuneration and interests are set out in the Remuneration Committee Report on pages 105 to 112.

There were no transactions with related parties other than Directors and key management remuneration including share-based payment as detailed in note 10 to the consolidated financial statements. The shares beneficially owned by the Directors of the Company are detailed in the Remuneration Committee Report on page 107.

3. Investments

	2024 £m	2023 £m
At 1 April	**102.3**	101.4
Share-based payment charge	**1.0**	0.9
At 31 March	**103.3**	102.3

Under IAS 36, the Company performs an annual assessment as to the existence of impairment indicators. Given the outturn for FY24 being significantly below management's original budget, this is deemed to be a trigger for an impairment review.

The Directors have performed an impairment assessment based on fair value less costs to sell. Whilst Motorpoint Group Plc's market capitalisation has fluctuated throughout the year and did fall below the carrying amount of the Company's investments during Q3, for the majority of the year market capitalisation was above the carrying amount of the Company's investments, and the closing position as at 31 March 2024 was a market capitalisation of £123m, resulting in c.£20m headroom before the further headroom that would be generated from including an acquisition premium as part of the fair value less costs to sell calculation.

This has resulted in the conclusion that there is no impairment as at 31 March 2024. At 31 March 2024 the Company had the following 100% owned subsidiary companies all of whom are registered in England and Wales. Motorpoint Limited is the only direct subsidiary.

Notes to the company financial statements continued

3. Investments continued

Subsidiary undertaking	Registered address	Principal activity	Registered number
Motorpoint Limited	Champion House, Stephensons Way, Derby, England, DE21 6LY	Motor vehicle retail	03482801
Chartwell Leasing Limited[1]	Champion House, Stephensons Way, Derby, England, DE21 6LY	Dormant	04100916
Auction 4 Cars Limited[1]	Champion House, Stephensons Way, Derby, England, DE21 6LY	Dormant	09603690
Motorpoint Group Plc Employee Benefit Trust[2]	12 Castle Street, Jersey, JE2 3RT	Employee benefit scheme	Not applicable

1. These subsidiary undertakings are entitled to exemptions under sections 476 and 480 of the Companies Act 2006 relating to dormant companies.
2. The EBT is consolidated in the financial statements of the Group on the basis that the Company has control as detailed in note 2 to the consolidated financial statements.

4. Creditors: amounts falling due within one year

	2024 £m	2023 £m
Bank loans and overdrafts	**–**	–
Amounts owed to Group undertakings	**53.1**	53.1
	53.1	53.1

Amounts due to Group undertakings are repayable on demand, unsecured and non-interest bearing. See note 9 for further details on borrowings.

5. Financial instruments

Financial instruments utilised by the Company during the year ended 31 March 2024 may be analysed as follows:

	2024 £m	2023 £m
Financial liabilities measured at amortised cost	**53.1**	53.1
	53.1	53.1

Financial instruments included within current assets and liabilities (excluding cash) are generally short-term in nature and accordingly their fair values approximate to their book values.

The Company's financial liabilities are repayable on demand and therefore their fair value is equal to their book value.

6. Called up share capital

The Company's share capital and associated movements in the year are consistent with those of the Group, as detailed within note 29 of the consolidated financial statements.

At 31 March 2024 the EBT held 1,618,010 (FY23: 1,686,307) ordinary shares of 1p each in the Company, the market value of which amounted to £5.1m (FY23: £5.3m). Details of outstanding share awards and options are shown in note 34 of the consolidated financial statements.

The Company does not have a limited amount of authorised capital.

7. Capital redemption reserve

The capital redemption reserve represents the purchase by the Company of its own shares and comprises the amount by which distributable profits were reduced on these transactions in accordance with s733 of the Companies Act 2006. £0.0m (FY23: £Nil) was transferred into the capital redemption reserve during the year in respect of shares purchased by the Company and subsequently cancelled.

8. Dividends

During the year no dividends were paid (FY23: £Nil).

The Board has not proposed a final dividend (FY23: £Nil) for the year ended 31 March 2024.

9. Borrowings

The Company's borrowings are consistent with the loan facility provided by Santander, as detailed within note 24 of the consolidated financial statements.

10. Commitments and contingencies

Capital commitments

The Company had £Nil capital commitments at 31 March 2024 (FY23: £Nil).

Contingencies

There are no disputes with any third parties that would result in a material liability for the Company.

The Company acts as guarantor over the Group's £150.0m (FY23: £195.0m) stocking finance facilities with Black Horse Limited and Lombard North Central Plc.

11. Related parties

During the year, a management charge of £1.7m (FY23: £2.0m) was received from Motorpoint Limited in respect of services rendered.

During the year Motorpoint Limited paid interest of £0.6m (FY23: £0.4m) on behalf of the Company.

On behalf of Motorpoint Group Plc, Motorpoint Limited paid Directors' salaries and fees of £1.7m (FY23: £2.0m) during the year and has recharged this to Motorpoint Group Plc.

At the year end the balance outstanding due to Motorpoint Limited totalled £53.1m (FY23: £53.1m).

The Company grants share awards to employees of Motorpoint Limited as detailed in note 34 to the consolidated financial statements. As a result, a share based-payment charge of £1.0m (FY23: £0.9m) as disclosed in the Company's Statement of Changes in Equity with a corresponding increase in Investments.

Alternative Performance Measures (APMs)

Introduction

We assess the performance of the Group using a variety of alternative performance measures that are not defined under IFRS and are therefore termed non-GAAP measures. The non-GAAP measures used are shown below.

The APMs we use may not be directly comparable with similarly titled measures used by other companies.

EBITDA

	2024 £m	2023 £m
Loss before taxation	**(8.2)**	(0.3)
Finance expense	**9.7**	7.1
Depreciation	**8.8**	9.0
Amortisation	**1.1**	0.4
EBITDA	**11.4**	16.2

Net cash excluding lease liabilities

	2024 £m	2023 £m
Cash and cash equivalents	**9.2**	5.6
Bank borrowings	**–**	–
Net cash / (debt) excluding lease liabilities	**9.2**	5.6

Glossary

Term	Meaning
Adjusted basic Earnings per Share	Earnings attributable to equity shareholders adjusted for Exceptional Items/weighted average number of ordinary shares during the year
Adjusted EBITDA	Earnings Before Finance Expense, Tax, Depreciation and Amortisation adjusted for Exceptional Items
Adjusted diluted Earnings per Share	Earnings attributable to equity shareholders adjusted for Exceptionals/weighted average number of ordinary shares during the year adjusted for dilutive share options
Adjusted Operating Costs	Operating Expenses before Exceptionals
Adjusted Operating Profit	Operating Profit before Exceptionals
Adjusted Overheads	Operating Expenses before Exceptionals
Adjusted PBT	Profit Before Tax before Exceptionals
APM	Alternative Performance Measure
Capital Employed	Average of the opening and closing position of the year for Net Assets adjusted for related party balances and legacy EBT liability
DTR	Disclosure Guidance and Transparency Rules
EBITDA	Earnings Before Finance Expense, Tax, Depreciation, Amortisation and Exceptional Items
EBITDAR	Earnings Before Finance Expense, Tax, Depreciation, Amortisation, Rent Costs and Exceptional Items
EBT	Employee Benefit Trust
EPS	Earnings per Share
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FTE	Full Time Equivalent
GAAP	Generally Accepted Accounting Practice
GP	Gross Profit
GP/Adjusted Overheads	Gross Profit/Operating Costs before Exceptionals
HMRC	HM Revenue and Customs
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
LIBOR	London Interbank Offered Rate
LTIP	Long Term Incentive Plan
NI	National Insurance
NPS	Net Promoter Score
OEM	Original Equipment Manufacturer
Operating Cash Conversion	Cash generated from operations/operating profit
PBT	Profit Before Tax
PCI	Payment Card Industry
PCP	Personal Contract Purchase
PSP	Performance Share Plan
PwC	PricewaterhouseCoopers LLP
ROCE	Return On Capital Employed, being Operating Profit/Capital Employed
RSA	Restricted Share Award
SAYE	Save As You Earn
SIP	Share Incentive Plan
Structural Debt	Debt excluding stock finance facilities

Shareholder information and advisors

Registered office
Motorpoint
Champion House
Stephensons Way
Derby DE21 6LY
United Kingdom

Company number
10119755

Company secretary
Chris Morgan

Joint stock brokers
Numis Securities Limited
45 Gresham Street
London
EC2V 7QA

Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Share listing
MOTR.L 1 pence ordinary shares are listed on the London Stock Exchange and are the only class of shares in issue

Independent Auditor
PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
B3 3AX

Legal advisors
Pinsent Masons LLP
30 Crown Place
London EC2A 4ES

Registrar
Link Group
Unit 10
Central Square
29 Wellington Street
Leeds
LS1 4DL

Financial PR
FTI Consulting
200 Aldersgate
Aldersgate Street
London EC1A 4HD
Tel: +44 20 3727 1000

Bankers
Santander UK Plc
2 Clumber Street
Nottingham NG1 3GA

Financial calendar

24 July 2024	Annual General Meeting
Early October 2024	Half Year Trading Update
Late November 2024	Interim Results Announcement

Shareholder enquiries

Our registrars will be pleased to deal with any questions regarding your shareholdings on 0333 300 1950 (calls are charged at the standard geographic rate and will vary by provider) or email enquiries@linkgroup.co.uk. Alternatively, you can access www.signalshares.com where you can view and manage all aspects of your shareholding securely including electronic communications, account enquiries or address amendments.

Investor relations website

The investor relations section of our website, www.motorpointplc.com, provides further information for anyone interested in Motorpoint. In addition to the Annual Report and Accounts and share price, Company announcements including the full year results announcements are also published there.

Cautionary note regarding forward-looking statements

Certain statements made in this Report are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. They appear in a number of places throughout this Report and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Persons receiving this Report should not place undue reliance on forward-looking statements. Unless otherwise required by applicable laws, regulations or accounting standards, Motorpoint Group Plc does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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