

29 January 2021

LOOKERS plc (“Lookers” or the “Group”)

Unaudited Interim Results for the six months ended 30 June 2020 and Trading Update for the year ended 31 December 2020

Update on restoration of listing

Resilient trading performance and refocusing on strategic opportunities

Lookers plc, one of the leading UK motor retail and aftersales service groups, today announces its unaudited interim results for the six months ended 30 June 2020, a trading update for the full year ended 31 December 2020 and an update on the restoration of listing of the Company’s shares to the premium listing segment of the Official List of the Financial Conduct Authority (“FCA”) and to trading on the London Stock Exchange.

Interim Results

- Revenue of £1,563.7m (H1 2019: £2,605.1m) reflecting the impact of COVID-19 and the closure of a large part of the Group’s business for a significant period.
- Modest outperformance of the UK new car market, with resilient trading in both used car sales and aftersales.
- Commenced a planned restructuring to strengthen the Group’s operating model. This included a further 12 site closures before the end of 2020 (15 closed in 2019) and a total of c.1,500 redundancies. The full benefit of these changes will be seen in FY 2021.
- Strong cost control mitigated some of the reduction in revenue, however, the Group recorded an underlying loss before tax of £36.1m (H1 2019: profit of £22.0m) and statutory loss before tax of £50.0m (H1 2019: profit of £19.6m).
- Net debt of £11.0m at 30 June 2020 (31 December 2019: £59.5m) driven by strong working capital and cost control, alongside the benefit of deferred VAT and delayed PAYE / National Insurance payments agreed under Government schemes.

	H1 2020	H1 2019 (restated)*	Var %	FY 2019
<u>Underlying**</u>				
Revenue £m	£1,563.7m	£2,605.1m	(40.0%)	£4,787.2m
Underlying (loss)/profit before tax £m	(£36.1m)	£22.0m	(264.1%)	£4.2m
Underlying (loss)/earnings per share (p)	(7.50p)	4.58p	(263.6%)	0.87p
<u>Statutory</u>				
(Loss)/profit before tax £m	(£50.0m)	£19.6m	(355.1%)	(£45.5m)
(Loss)/earnings per share (p)	(12.94p)	3.96p	(427.0%)	(10.69p)
Dividend per share (p)	Nil	1.48p	(100.0%)	1.48p
Net debt £m***	£11.0m	£71.7m	84.7%	£59.5m

*The figures shown for H1 2019 reflect the adjustments to the interim results for 2019, consistent with those made in the recently published audited financial statements for the year ended 31 December 2019. A reconciliation of these adjustments is presented in Note 18.

** Underlying profit before tax is profit before tax and non-underlying items. Underlying earnings per share is (Loss)/earnings per share after tax and before non-underlying items (see Note 3).

*** Bank loans and overdrafts less cash and cash equivalents, excluding stocking loans and lease liabilities under IFRS 16.

Full year trading update

- Trading in the second half of 2020 was encouraging, underpinned by significant outperformance of the retail UK new car market, continued resilient trading in used and aftersales and increasing used car margins. The second half performance also includes the early impact of the Group's restructuring programme.
- Despite the impact of the second national lockdown in November, performance in the second half of the year is expected to be ahead of last year, largely offsetting H1 underlying loss before tax of £36.1m.
- The Group continues to benefit from improvements made to its online offering and call centre capabilities, including the launch of 'Click and Drive' which enables contactless vehicle purchases, alongside upgraded sales systems and processes.
- The Board remains focused on working capital control, with significantly reduced net debt of approximately £45.0m at the end of December 2020 (2019: £59.5m) reflecting the net proceeds of £17.4m from the disposal of a number of properties during 2020.
- Completion of the planned restructuring commenced in the first half of 2020, with the closure of 12 sites and a total of c1,500 redundancies across the Group.
- The disposal of Platts Harris in November 2020 is expected to realise proceeds of £1.6m.
- The Group has reduced its RCF from £250m to £238m following the sale of certain properties. The Group continues to have strong liquidity headroom and refinancing conversations with the Group's banking club are ongoing.
- The Board refresh is progressing, and we are pleased to welcome Robin Churchouse and Anna Bielby to the Board of Lookers plc as Chair of the Audit Committee and Interim Chief Financial Officer, respectively. Also, today we have announced the appointment of Duncan McPhee to the Board as Chief Operating Officer. A search is underway for the appointment of Phil White's successor as Chairman.
- As previously announced, BDO LLP have been appointed as the Group's statutory auditors.
- As a result of the continued uncertainty around the COVID-19 pandemic and as part of its ongoing actions to protect the Group's balance sheet, the Board has decided that it will not be recommending any dividends for the year ended 31 December 2020. However, the Board recognises the importance of dividends to shareholders and will reinstate the payment of dividends as soon as it believes that it is prudent to do so.

Outlook

- The country is now in a third national lockdown and whilst the closure of showrooms will impact revenue, this will be partly mitigated by the continued progress of 'Click and Drive' and the continued operation of the Group's COVID-19 compliant Aftersales division.
- In light of the evolving COVID-19 situation and latest lockdown restrictions impacting much of the Group's portfolio, the Board remains cautious about the outlook for 2021. However, the Board continues to believe the Group is well positioned to benefit from its continued progress and the exciting sector developments including electrification and further digitisation.

Restoration of listing

- The Board has applied to the FCA for the restoration of the Company's shares to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange.

Mark Raban, Chief Executive Officer, said:

"2020 was a challenging year for Lookers, managing the impact of the COVID-19 pandemic and a number of legacy issues facing the Group, which required significant action to restructure and improve the business for the long term. Despite a resilient sales performance, the benefit of Government support and prompt action taken to manage costs, in the first half we incurred a significant loss in a very difficult period for the car retail industry.

Although various restrictions continued into the second half of the year, trading improved significantly, benefiting from the material cost saving measures implemented earlier in the year and enhancements we have made to our retail offer, including the capability to carry out contactless vehicle sales.

I would like to thank all my colleagues for their continued dedication in these difficult circumstances and also our OEM brand partners for their ongoing support.

Going into 2021 there remains a high level of uncertainty in the wider environment, but we are confident that the Group is now much better positioned for the longer term and can capitalise on the various opportunities ahead, not least in electrification and digital developments."

Details of results webcast

There will be a webcast at **9:30am UK time** today for analysts and institutional investors. To register please contact MHP Communications on +44 (0)20 3128 8193 / 8778, or by email on lookers@mhpc.com

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About Lookers plc (www.lookersplc.com)

The Group's principal activities are the sale of new and used cars, vans and aftersales activities. The Group's businesses have a total of 140 franchised dealerships representing 31 manufacturers, operating from 96 locations across the UK and Republic of Ireland.

Cautionary statement

This Interim Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Interim Report should not be relied on by any party or for any other purpose.

All statements other than statements of historical fact included in this document, including, without limitation, those regarding the financial condition, results, operations and businesses of Lookers plc and its strategy, plans and objectives and the markets and economies in which it operates, are forward-looking statements. Such forward-looking statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report. Such statements should be treated with caution due to the inherent uncertainties, known and unknown risks, and other important factors underlying any forward-looking information which could cause the actual results, performance or achievements of Lookers or the markets and economies in which it operates to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Lookers and its Directors accept no liability to third parties in respect of this report save as would arise under English law.

Strategic and Operating Review

Strategy Update

As stated above, trading in the second half of 2020 was encouraging, underpinned by significant outperformance of the retail UK new car market, continued resilient trading in used and aftersales and increasing used car margins. The second half performance also includes the early impact of the Group's restructuring programme. As a result, despite the impact of the second national lockdown in November, performance in the second half of the year is expected to be ahead of last year, largely offsetting H1 underlying loss before tax of £36.1m.

Against this backdrop and the progress made on resolving the historic legacy issues faced by the Group, we are focusing on our strategic priorities to ensure ongoing improvements to our business model and to exploit the exciting sector opportunities ahead. Our strong brand partner relationships, having the right brands in the right locations, our flexible freehold property portfolio and our recently restructured operations, provide us with the right platform from which to further enhance the Lookers proposition and build our market share. Our five strategic priorities are as follows:

- 1) Closure of remaining legacy issues and continued enhancement of the control environment
- 2) Drive operational excellence focusing on cost control and cash management
- 3) Digital investment to drive competitive advantage
- 4) Preparing for vehicle electrification, and connected car services
- 5) Robust approach to capital allocation including refinancing the business in Q1 2021

We will evolve and report on these priorities as we move through 2021.

Impact of COVID-19

The first half saw a material underlying loss before tax, reflecting the significant impact of the COVID-19 pandemic.

Throughout the initial lockdown period, and since, the primary concern of the Board has been to protect the safety and welfare of our colleagues and customers by ensuring safe and sustainable operating procedures. The Board is extremely grateful for the support received from all stakeholders including the UK Government, our OEM brand partners, suppliers, and finance providers.

Impact on operations

In light of the UK Government's guidelines, the Board took the decision to temporarily close all trading locations in late March before partly reopening 41 locations (including 10 parts distribution centres) in April to provide essential repairs, parts and maintenance to key workers' vehicles, following the introduction of new enhanced operating measures. Having successfully implemented new operational processes, the Group reopened all its aftersales facilities in mid-May and began building capacity by gradually bringing technicians back from furlough.

Management acted quickly to improve the Group's integrated online presence and call centre capabilities. The Group's website was enhanced by the roll out of a 'Click and Drive' functionality, allowing multichannel vehicle purchase and the processing of a consumer finance application.

The Group also implemented a new contactless vehicle handover and delivery process and started to fulfil both existing and new customer orders.

In June the Group reopened all its dealerships in England, followed later in the month by operations in Northern Ireland and Scotland.

During the second and third national lockdowns in November 2020 and January 2021 respectively, pre-booked aftersales services continued to be provided in compliance with lockdown restrictions, with vehicle sales activity carried out via 'Click & Drive'.

Restructuring

Over the course of 2020, the Board took decisive action and implemented significant restructuring actions to position the Group for a strong and sustainable future.

On 4 June 2020, the Board announced it had identified a further 12 sites for either closure, consolidation or refranchising. These closures are now complete. The Group currently operates from a portfolio of 140 dealerships following 27 site closures over the course of 2019 and 2020.

In addition, the Board also undertook a review of the future structure of the Group in light of long-term potential demand, a smaller dealership estate and the structural changes taking place across the industry. Having carefully considered all options and following a period of consultation approximately 1,500 redundancies were confirmed. This action was deeply regrettable but necessary to sustain and protect the Group over the long term. The one-off cash restructuring costs in the period were £4.2m and are included in the non-underlying items (see Note 3).

Other actions

In addition to the above activities, the Board also implemented a number of other short-term initiatives to manage the impact of COVID-19 through reducing costs, controlling working capital and limiting capital expenditure to enhance the liquidity position of the Group. These actions included:

- Furloughing the majority of colleagues as all trading locations were temporarily closed. The Group accessed the UK Government's Coronavirus Job Retention Scheme (CJRS) and other Government initiatives to protect cash flow. The Group incurred £4.4m of cost to supplement CJRS payments to furloughed employees, which have been treated as underlying costs in the Income Statement.
- The Board and various members of senior management agreed to a temporary reduction to their base salary of up to 30%. This was reinstated with effect from 1 September 2020. Executive bonus entitlement was also waived.
- Various capital expenditure programmes were delayed.
- Interim and full year dividends in respect of 2020 were cancelled.
- All discretionary cost areas were reviewed and reduced.
- The Group's fleet business was reviewed and restructured to focus on margin retention and working capital.

The Board would like to thank its financing and banking partners who have been so supportive during this difficult period.

H1 2020 Segmental analysis of revenue and gross profit:

	H1 2020 £m	H1 2019 (restated)* £m	Variance	LFL Variance
Revenue				
New Cars	705.2	1,267.0	(44.3)%	(42.7)%
Used Cars	770.0	1,232.0	(37.5)%	(35.4)%
Aftersales	162.1	254.0	(36.2)%	(34.4)%
Leasing and Other	52.5	45.9	14.4%	32.7%
Less: intercompany	(126.1)	(193.8)		
Total	1,563.7	2,605.1	(40.0)%	(38.0)%

Gross Profit	H1 2020 £m	H1 2019 (restated)* £m	Variance	LFL Variance
New Cars	47.8	89.4	(46.5)%	(47.3)%
Used Cars	38.4	68.1	(43.6)%	(44.4)%
Aftersales	68.3	106.9	(36.1)%	(34.5)%
Leasing and Other	14.1	16.7	(15.7)%	(22.9)%
Total	168.6	281.1	(40.0)%	(40.4)%

New cars

New cars	H1 2020	H1 2019 (restated)*	Variance	LFL Variance
Retail unit sales	18,842	34,459	(45.3)%	(43.1)%
Fleet unit sales	16,163	31,356	(48.5)%	(47.4)%
Total unit sales	35,005	65,815	(46.8)%	(45.2)%
Gross margin %	6.8%	7.0%	(27)BPS	(59)BPS

*The figures shown for H1 2019 reflect the adjustments to the interim results for 2019, consistent with those made in the recently published audited financial statements for the year ended 31 December 2019. A reconciliation of these adjustments is presented in Note 18.

The COVID-19 pandemic had a material impact on UK new car registrations during H1, and the UK new car market declined by 48.5%. In the first two months of 2020, prior to lockdown, the new car market declined by 5.8%. The start of lockdown during March resulted in a market decline of 44.4%, before the full impact was felt in April and May, with the market recording a decline of 97.3% and 89.0% respectively.

Against this, on a like-for-like basis, the Group's sales of new units declined by 45.3% representing a modest outperformance against the UK market. Performance strengthened throughout H1 with May and June outperforming the new car market by 11.9% and 8.3% respectively. This trend of outperformance has continued in H2.

Gross margin was 27bps below last year, driven by lower manufacturer bonus income as a result of the significantly reduced volumes.

Used cars

Used cars	H1 2020	H1 2019	Variance	LFL Variance
Retail unit sales	34,644	54,087	(36.0)%	(33.5)%
Gross margin %	5.0%	5.5%	(54)BPS	(81)BPS

Like-for-like used unit sales declined by 33.5% which we believe is a robust performance versus the market given the total lockdown in the franchised sector during April and May. Gross margin was 54bps lower than last year. The Group took active measures during the lockdown period to reduce overall used car stock levels and significantly improve the ageing profile.

Initial trading post lockdown was encouraging, particularly in the sub £10k price point sector. The ease of implementing social distancing measures in large retail premises, pent-up demand, consumer aversion to public transport and the cancellation of holiday plans boosting consumer discretionary spending were the key consumer drivers post lockdown. Like-for-like used unit sales during June, in the Group's dealerships in England, were up 5.9% and this was combined with improved margin retention. Throughout H1 and H2, used car residual values have remained robust. The Board remains cautious about the sustainability of this position and is managing its used inventory levels accordingly.

Aftersales

Aftersales	H1 2020	H1 2019	Variance	LFL Variance
Revenue £m	162.1	254.0	(36.2)%	(34.4)%
Gross margin %	42.1%	42.1%	5BPS	(10)BPS

At the outset of lockdown, the Group asked for volunteers from its technician and parts teams in order to maintain a presence at 41 after sales locations. These facilities were dedicated to the essential repairs, parts and maintenance of key workers' vehicles. The Board would like to thank all the teams that were involved in providing those services.

On a like-for-like basis after sales revenues were 34.4% down. Gross margin was maintained at 42.1%.

H1 2020 Financial Review

Restatement of prior period

The Group's H1 2019 comparatives have been restated to reflect the impact of previously reported legacy accounting issues and for other changes made to ensure that the presentation of H1 2019 is consistent with the 2019 Annual Report & Accounts. These reduced previously reported underlying profit before tax by £7.2m to £22.0m. An explanation of the adjustments and full reconciliation to previously reported figures is provided in Note 18.

Revenue

H1 revenue of £1,563.7m was 40.0% lower than the comparative period (H1 2019: £2,605.1m). Like-for-like revenue declined by 38.0% with revenue from new cars, used cars and aftersales all declining as a result of the temporary closure of the Group's dealerships as a consequence of the COVID-19 global pandemic.

Gross profit

Gross profit decreased by 40.0% to £168.6m (H1 2019: £281.1m) in line with revenue and Gross margin was flat year-on-year at 10.8%.

Operating expenses and Government support schemes

Underlying net operating expenses at £186.5m (H1 2019: £240.4m) were 22.4% below the comparative period. Operating expenses include the impact of both a £29.7m receipt from the CJRS and £3.5m of rates reductions under the Government's business rates holiday scheme. Excluding these items underlying net operating expenses were 8.6% below last year as a result of ongoing focus and control of all discretionary cost items.

Non-underlying items

The Group incurred £13.9m of non-underlying costs, largely related to the Group's restructuring programme, impairment of goodwill, and costs in relation to the investigation and resolution of legacy accounting issues (see Note 3).

Net finance costs

Net finance costs were slightly lower than the comparative period at £18.2m (H1 2019: £18.7m). Given the unprecedented situation and resulting uncertainty, the Board made the decision to make substantial drawings against the Group's revolving credit facility and hold these sums in cash, creating an inefficient liquidity position and increasing financing costs; however, this was offset by lower interest cost on vehicle rental liabilities and reduced stock levels.

Tax

The Group's reported effective tax rate is (1%). As referred to in the 2019 Annual Report & Accounts, the 2019 deferred tax liability was calculated using the relevant enacted UK corporation tax rate of 17% (to be effective 1 April 2020). The Group noted that the announcement in the March 2020 budget that the UK tax rate would remain at the current rate of 19% would have a consequential effect on the Group's future tax charge.

For the period to 30 June 2020, the Group has estimated that the corporation tax credit arising from the loss incurred in the period is largely offset by the charge arising from recalculating deferred tax at the higher rate of 19%, resulting in an effective tax rate of (1%) for this period.

Earnings per share (EPS)

Underlying EPS decreased by 264% to (7.50)p loss per share (H1 2019: 4.58p profit). Basic EPS decreased by 427% to (12.94)p loss per share (H1 2019: 3.96p profit).

Dividend

As a result of the continued uncertainty around the COVID-19 pandemic and as part of its ongoing actions to protect the Group's balance sheet, the Board has decided that it will not be recommending any dividends for the year ended 31 December 2020. However, the Board recognises the importance of dividends to shareholders and will reinstate the payment of dividends as soon as it believes that it is prudent to do so.

Cashflow and net debt

Throughout the COVID-19 lockdown the Group maintained a strong focus on operational cash flow. Cash generated from operations in H1 was £114.2m (H1 2019: £113.8m), largely as a result of ongoing working capital initiatives and additional controls. Property, plant and equipment capital expenditure (including capitalised vehicle leases) totalled £16.3m (H1 2019: £36.3m), a material reduction from the prior period as the Board took the decision to delay and cancel certain initiatives in order to protect the cash position of the Group.

Net debt at 30 June 2020 was £11.0m (30 June 2019: £71.7m; 31 December 2019: £59.5m). This includes the benefit of deferred VAT and delayed PAYE / National Insurance payments agreed under Government schemes, in addition to £3.5m of rates relief, alongside our broader debt management actions.

The Group continues to benefit from a strong property portfolio. The net book value of freehold and leasehold properties of £313.7m (equivalent to 80.4p per share) at the end of the Period remains a key strength of the business.

Financing

The Group has access to a revolving credit facility, which it has reduced from £250.0m to £238.1m, following the disposal of certain properties as part of the restructuring programme referred to above. These facilities are not due for renewal until March 2022 and the Group remains in active discussions with its banking partners regarding refinancing options.

Pensions

At 30 June 2020, the IAS 19 pension valuation showed a total deficit of £69.5m (30 June 2019: £67.4m; 31 December 2019: £55.7m). The significant decrease in corporate bond yields during the Period and the associated decrease in discount rate has resulted in the liabilities increasing, which has been partly offset by an increase in the schemes' asset values. In the first half of the year, and in-line with the funding programme agreed with the Trustees, the Group made additional cash contributions including expenses to the Lookers pension scheme amounting to £4.2m (H1 2019: £4.3m).

The final assets and liabilities of the Dutton Forshaw Plan were transferred into the Lookers Pension Plan with effect from 1 June 2020. The Group's actuary has assessed the IAS 19 valuation of the Lookers Pension Plan as at 30 June 2020. The deficit on the Benfield Pension Plan has not been assessed for the Period based on materiality, however a full assessment will be undertaken for the year ended 31 December 2020.

Board changes

Following the publication of the 2019 Annual Report and Accounts, Jim Perrie stepped down as interim Chief Financial Officer. Anna Bielby was appointed as interim Chief Financial Officer in December and joined the Board as a Director on 5 January 2020.

Duncan McPhee has been appointed to the Board today, as Chief Operating Officer. He has been at Lookers for 12 years in a number of senior management roles, most recently as Chief Retail Operations Officer, with responsibility for the dealership portfolio and OEM relationships.

On the back of today's announcements, Phil White resumes a non-executive role as Chairman. Having indicated at this year's AGM that he would step down as Chairman, a search has commenced for the appointment of his successor.

Heather Jackson took over the role of Senior Independent Director from Richard Walker on 1 July 2020 and became Chair of the Remuneration Committee at the completion of the 2019 results in November 2020.

Vicky Mitchell assumed the role of Chair of Lookers Motor Group Limited, the FCA-regulated entity from 1 July 2020.

Robin Churchouse joined the Board as an independent Non-Executive Director on 8 December 2020 as a member of the Audit and Risk, Remuneration and Nomination Committees, as well as becoming a Director of Lookers Motor Group Limited. As previously announced, Stuart Counsell agreed to remain on the Board until the completion of the 2019 Annual Report and Accounts and the appointment of his successor as Chair of the Audit and Risk Committee. Robin became Chair of the Audit and Risk Committee on 1 January 2021 and Stuart left Lookers on that date.

As previously communicated, Tony Bramall, Non-Executive Director, retired at the end of December 2020

Non-Executive Directors Sally Cabrini and Richard Walker both decided not to seek re-election at the 2020 Annual General Meeting, and both stood down from the Board on 29 June 2020.

Change of auditor

As previously announced, the Company appointed BDO LLP as its new auditor, and this was confirmed by shareholders at the General Meeting held on 28 December 2020.

Risks and uncertainties

As with any business, there are a number of potential risks and uncertainties which could have a material impact on the Group's future performance and could cause actual results to differ materially from expected and historical results. The Board believes the wider risks and uncertainties to be consistent with those described on pages 38 to 43 in the 2019 Annual Report and Accounts, however there are a number of risks where an update is appropriate:

- 1) COVID-19: Subsequent to the publication of our 2019 Annual Report and Accounts, the Group is managing the impacts of a third national lockdown to control the COVID-19 pandemic. Whilst the impacts of the new strain and the duration and impact of the new lockdown cannot yet be fully understood, the Group remains confident in its COVID-19 protocols and contactless sales offering. We remain focussed on protecting our customers and our colleagues, and in continuing to run our core business as effectively and efficiently as circumstances allow. This includes close management of our working capital in light of reduced business volumes.
- 2) Brexit: The Group continues to monitor the impact of Brexit following the deal agreed by the UK Government with the EU, with the impact on UK companies still to be fully understood. This includes liaising closely with our brand partners to ensure minimal disruption of both new vehicle and parts stocks. At the time of writing no material adverse impacts have impacted on our business, but we keep the situation under constant review.
- 3) Financial reporting and suspension of shares: The Group is in continued discussion with the FCA around the events that led to the delay in publishing the 2019 Annual Report and Accounts and the suspension of the Company's shares from trading on 1 July 2020. As noted above, the Board has applied to the FCA for the

restoration of the Company's shares to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange.

Review of regulated activities

As previously reported, we have been working internally and with the FCA to review our governance, systems and controls as they relate to our regulated businesses. This programme of work included the design and implementation of revised sales and oversight processes, a robust risk management framework, governance arrangements and systems and controls. This work was sponsored and overseen by the Board and subject to independent assurance through third party FCA Skilled Person Reports. The work included the appointment of a Chief Risk Officer and two additional Non-Executive Directors with experience in financial services and regulated businesses (with the recent appointment of Robin Churchouse bringing this number to three). Having concluded these reviews, we have, and continue, to focus on ensuring that all the actions identified are fully embedded, and that a programme of assurance of their ongoing effectiveness is in place.

The FCA's investigation into past sales processes is continuing and we are cooperating fully with the regulator. As previously communicated, the Group included a provision of £10.4m in the 2019 Annual Report and Accounts against liabilities that may arise. That provision remains at £10.4m as at 30 June 2020.

Brexit

The UK and the EU have agreed a Free Trade Agreement (FTA) which came into effect, subject to EU ratification, on the 1st January 2021.

For the Group, the immediate impact of the FTA is to continue the tariff-free trade of new vehicles and parts with the EU, so maintaining input price stability.

The Group has a presence in Northern Ireland through its Charles Hurst business.

As part of the EU-UK Withdrawal Agreement, from the 1st January 2021 Northern Ireland remains within the EU for the supply of goods but has unfettered access to the GB market.

The Group welcomes the decision of the UK Government to reinstate in Northern Ireland the "second-hand margin scheme", which allows traders to pay VAT on the margin of second-hand goods rather than the full cost, and will facilitate the Group continuing to trade vehicles between Great Britain and Northern Ireland. However, the impact of the Northern Ireland Protocol on tariffs has not been concluded and may result in additional industry-wide costs and/or barriers to trade between Great Britain and Northern Ireland.

The Group has taken necessary actions to prepare for the administrative impacts of Brexit on its Northern Ireland business.

Summary and outlook

The COVID-19 global pandemic had an inevitable and unprecedented impact on the Group's operational and financial performance in the first half of 2020. During lockdown, the Group rolled out several new initiatives and implemented a decisive, wide-ranging restructuring plan to ensure the long-term viability of the Group. These actions, together with the invaluable support of our many stakeholders, allowed us to emerge from the initial lockdown period in a strong position.

Trading in the second half of 2020 was encouraging, underpinned by significant outperformance of the retail UK new car market, continued resilient trading in used and aftersales and increasing used car margins. The second half performance also included the early benefits of the Group's restructuring programme.

Despite the impact of the second national lockdown in November, performance in the second half of the year is expected to be ahead of last year, largely offsetting H1 underlying loss before tax of £36.1m.

In light of the evolving COVID-19 situation and latest lockdown restrictions impacting much of the Group's portfolio, the Board remains cautious about the outlook for 2021. However, the Board continues to believe the Group is well positioned to benefit from its continued progress and the exciting sector developments including electrification and further digitisation.

In conclusion, on behalf of the Board I would like to thank all our stakeholders and particularly my colleagues across the business for their support and dedication.

Mark Raban

Chief Executive Officer

29 January 2021

Condensed Statement of Total Comprehensive Income

	Note	Unaudited six months ended 30 June 2020 £m	Unaudited six months ended 30 June 2019 (restated*) £m	Audited year ended 31 December 2019 £m
Revenue	2	1,563.7	2,605.1	4,787.2
Cost of sales		(1,395.1)	(2,324.0)	(4,274.1)
Gross profit		168.6	281.1	513.1
Net operating expenses		(200.4)	(242.8)	(526.3)
Operating (loss)/profit		(31.8)	38.3	(13.2)
Underlying operating (loss)/profit		(17.9)	40.7	36.5
Non-underlying items	3	(13.9)	(2.4)	(49.7)
Net interest	4	(18.2)	(18.7)	(32.3)
(Loss)/profit before taxation		(50.0)	19.6	(45.5)
Underlying (loss)/profit before taxation		(36.1)	22.0	4.2
Non-underlying items	3	(13.9)	(2.4)	(49.7)
Tax (charge)/credit		(0.5)	(4.2)	3.9
(Loss)/profit for the period/year		(50.5)	15.4	(41.6)
Actuarial (losses)/gains on pension scheme obligations (not recycled to profit and loss)		(17.0)	(1.7)	7.1
Deferred tax on pension scheme obligations (not recycled to profit and loss)		2.9	0.3	(1.2)
Total other comprehensive (expense)/income for the period/year		(14.1)	(1.4)	5.9
Total comprehensive (expense)/income for the period/year		(64.6)	14.0	(35.7)
Attributable to:				
Shareholders of the company		(64.6)	14.0	(35.7)
(Loss)/earnings per share:				
Basic (loss)/earnings per share (p)	6	(12.94)	3.96	(10.69)
Diluted (loss)/earnings per share (p)**	6	(12.94)	3.80	(10.69)

*Details of the restatements due to presentational changes and correction of errors are made in Note 18.

**In the period ended 30 June 2020 and year ended 31 December 2019 the basic and diluted earnings per share are equal as a result of the Group incurring a loss for the period/year.

Condensed Statement of Financial Position

	Note	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 (restated*) £m	Audited 31 December 2019 £m
Non-current assets				
Goodwill	7	79.3	111.7	81.9
Intangible assets	8	112.6	114.3	114.2
Property, plant and equipment	9	415.5	431.2	429.2
Right of use assets	10	109.7	107.9	107.7
		717.1	765.1	733.0
Current assets				
Inventories	12	856.2	922.2	956.5
Trade and other receivables		133.6	282.7	140.2
Current tax receivable		6.2	-	9.8
Rental fleet vehicles		54.2	64.2	59.4
Cash and cash equivalents		295.5	189.7	150.3
Assets held for sale	11	10.6	6.5	10.0
		1,356.3	1,465.3	1,326.2
Total assets		2,073.4	2,230.4	2,059.2
Current liabilities				
Bank loans and overdrafts	14	92.4	108.0	119.4
Trade and other payables		1,232.4	1,331.9	1,261.5
Lease liabilities	14	18.5	18.5	18.5
Provisions	13	-	2.0	-
Current tax payable		-	4.8	-
		1,343.3	1,465.2	1,399.4
Net current assets / (liabilities)		13.0	0.1	(73.2)
Non-current liabilities				
Bank loans	14	214.1	153.4	90.4
Trade and other payables		38.7	31.0	42.3
Lease liabilities	14	117.3	114.5	115.6
Provisions	13	10.4	-	10.4
Pension scheme obligations		69.5	67.4	55.7
Deferred tax liabilities		31.9	32.7	34.0
		481.9	399.0	348.4
Total liabilities		1,825.2	1,864.2	1,747.8
Net assets		248.2	366.2	311.4
Shareholders' equity				
Ordinary share capital		19.5	19.5	19.5
Share premium		78.4	78.4	78.4
Capital redemption reserve		15.1	15.1	15.1
Retained earnings		135.2	253.2	198.4
Total equity		248.2	366.2	311.4

*Details of the restatements due to presentational changes and correction of errors are made in Note 18

Condensed Statement of Changes in Equity

		Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	Note	£m	£m	£m	£m	£m
Period ended 30 June 2019 (unaudited)						
As at 1 January 2019		19.4	78.4	15.1	249.0	361.9
Profit for the period (restated*)					15.4	15.4
Total other comprehensive income for the period					(1.4)	(1.4)
Total comprehensive expense for the period		-	-	-	14.0	14.0
New shares issued		0.1	-	-	-	0.1
Share based compensation		-	-	-	0.8	0.8
Foreign exchange translation differences		-	-	-	(0.5)	(0.5)
Dividends paid	5	-	-	-	(10.1)	(10.1)
As at 30 June 2019		19.5	78.4	15.1	253.2	366.2
Year ended 31 December 2019 (audited)						
As at 1 January 2019		19.4	78.4	15.1	249.0	361.9
Loss for the year					(41.6)	(41.6)
Total other comprehensive expense for the year					5.9	5.9
Total comprehensive income for the year					(35.7)	(35.7)
New shares issued		0.1	-	-	-	0.1
Share based compensation		-	-	-	1.4	1.4
Foreign exchange translation differences		-	-	-	(0.4)	(0.4)
Dividends paid	5	-	-	-	(15.9)	(15.9)
As at 31 December 2019		19.5	78.4	15.1	198.4	311.4
Period ended 30 June 2020 (unaudited)						
As at 1 January 2020		19.5	78.4	15.1	198.4	311.4
Loss for the period					(50.5)	(50.5)
Total other comprehensive expense for the period					(14.1)	(14.1)
Total comprehensive expense for the year		-	-	-	(64.6)	(64.6)
Share based compensation		-	-	-	0.6	0.6
Foreign exchange translation differences		-	-	-	0.8	0.8
Dividends paid	5	-	-	-	-	-
As at 30 June 2020		19.5	78.4	15.1	135.2	248.2

*Details of the restatements due to presentational changes and correction of errors are made in Note 18

Condensed Statement of Cash Flows

	Note	Unaudited six months ended 30 June 2020 £m	Unaudited six months ended 30 June 2019 (restated*) £m	Audited year ended 31 December 2019 £m
Cash flows from operating activities				
(Loss)/profit for the period/year		(50.5)	15.4	(41.6)
Tax charge/(credit)		0.5	4.2	(3.9)
Depreciation of property, plant and equipment, rental fleet and right of use assets		26.7	27.2	54.1
(Gain)/loss on disposal of property, plant and equipment and rental fleet		(0.4)	-	(5.2)
Gain on lease surrenders	10	-	-	(0.4)
Amortisation of intangible assets		2.3	3.3	6.1
Share based compensation		0.6	0.8	1.4
Impairment of property, plant and equipment	9	3.2	-	4.3
Impairment of right of use assets	3	0.3	-	1.8
Impairment of intangible assets (underlying)		-	-	0.4
Impairment of goodwill and intangible assets (non-underlying)	3	2.6	-	30.4
Interest income excluding pension related interest	4	-	-	-
Interest payable excluding pension related interest and debt issue costs	4	17.4	17.5	30.0
Debt issue costs		0.2	0.2	0.4
Difference between pension charge and cash contributions		(3.0)	(2.9)	(6.1)
Proceeds from sale of vehicles for long term leasing		5.3	6.3	11.3
Proceeds from sale of rental fleet vehicles		20.1	27.8	58.7
Creation of provisions		-	2.0	10.4
Changes in inventories		101.0	40.1	23.1
Changes in receivables		6.6	(121.9)	20.6
Changes in payables		(18.7)	93.8	25.3
Cash generated from operations		114.2	113.8	221.1
Interest paid		(14.6)	(14.6)	(24.3)
Interest paid - finance leases		(2.8)	(2.9)	(5.7)
Interest received		0.0	-	-
Tax received/(paid)		3.6	(3.2)	(9.3)
Net cash inflow from operating activities		100.4	93.1	181.8
Cash flows from investing activities				
Purchase of property, plant and equipment		(9.2)	(18.8)	(45.8)
Purchase of vehicles for long term leasing		(7.1)	(17.5)	(35.5)
Purchase of rental fleet vehicles		(21.7)	(34.2)	(61.7)
Purchase of intangibles		(0.7)	(4.2)	(7.9)
Proceeds from disposal of property, plant and equipment		3.4	3.4	17.6
Net cash outflow from investing activities		(35.3)	(71.3)	(133.3)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		-	-	0.1
Receipt of funding advanced for vehicle leasing arrangements	14	29.1	42.8	76.5
Repayment of funding advanced for vehicle leasing arrangements	14	(38.7)	(32.8)	(69.0)
Receipt/(repayment) of loans	14	0.8	2.3	(1.4)
Draw down on RCF	14	150.0	117.0	186.9
Repayment on RCF	14	(26.3)	(93.7)	(224.2)
Repayment of lease liabilities	14	(7.2)	(7.8)	(15.6)
Receipt of lease incentives	14	-	-	1.2
Dividends paid		-	(10.1)	(15.9)

Net cash inflow / (outflow) from financing activities	107.7	17.7	(61.4)
Increase / (decrease) in cash and cash equivalents	172.8	39.6	(12.9)
Cash and cash equivalents at 1 January	31.4	44.3	44.3
Cash and cash equivalents at 30 June/31 December	204.2	83.9	31.4
Analysis of cash and cash equivalents			
Cash and cash equivalents	295.5	189.7	150.3
Bank overdraft	(91.3)	(105.8)	(118.9)
Cash and cash equivalents at 30 June/31 December	204.2	83.9	31.4

* Details of the presentational adjustments and corrections of errors are made in Note 18

Notes to the Financial Information

General information

Lookers plc is a public limited company incorporated in the United Kingdom under the Companies Act 2006, with registered number 111876 in England and Wales and a registered office of Lookers House, 3 Etchells Road, West Timperley, Altrincham, WA14 5XS.

1. Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2020 has been prepared on a going concern basis in accordance with Accounting Standard IAS 34 Interim Financial Reporting and the Disclosure and Transparency Rules of the Financial Conduct Authority.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2019 were approved by the Board of Directors on 25 November 2020 and filed with the Registrar of Companies on 29 December 2020. The report of the auditors on those accounts was unqualified, but contained an emphasis of matter paragraph in respect of going concern. It did not contain any statement under section 498 of the Companies Act 2006.

The financial information for the six months ended 30 June 2020 and 30 June 2019 is unaudited and has not been externally reviewed. The financial information for the year ended 31 December 2019 has been based on the audited financial statements for that year.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with 2019 Annual Report and Accounts, which have been prepared in accordance with IFRS as adopted by the European Union.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in the 2019 Annual Report & Accounts, except where disclosed otherwise in these notes. Corporation tax in the interim periods is accrued using the estimated tax rate that would be applicable to expected total annual earnings.

Critical accounting estimates and judgments

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated

interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019, with the exception of the consideration of the potential impact of the ongoing COVID-19 pandemic. There have been no material revisions to either the nature or amount of estimates reported in prior periods. However, the ongoing impacts of the COVID-19 pandemic have required both significant new critical accounting judgements and estimates to be made as well as immaterial changes to certain existing critical accounting judgements and estimates. The Group has revised its financial forecasts used in assessing the carrying value of its goodwill balance, and further details can be found in Note 7.

Going concern

The Directors have made an assessment of going concern, considering the Group's cash and liquidity position, current performance and outlook, using the information available up to the date of issue of these condensed consolidated interim financial statements and which considered the impact of the COVID-19 pandemic and the measures taken to mitigate its impact on the Group. The Board has also considered the impact on the going concern assumption of general economic conditions, Brexit, its ongoing FCA investigation and its banking relationships.

In making this assessment the Directors have considered available liquidity in relation to net debt and committed facilities, the Group's latest forecasts for 2021 cash flows, together with COVID-19 adjusted scenarios. The Board is satisfied that the Group will be able to operate within the level of its committed facilities for the foreseeable future.

During the lockdown period, management worked closely with its key OEM partners, who have positively supported the business throughout 2020 and are continuing to do so in 2021. Management continue to take the appropriate actions to protect the balance sheet and cash flow including furloughing of employees, use of HMRC VAT deferral scheme, deferral of capital expenditure and identification of property assets available for sale, and cessation of the dividend for 2020.

Additionally, management has taken a number of longer term actions to protect cash including accelerating and investing in the development of the Group's end-to-end online ordering capability, a comprehensive review of working capital management, taking additional measures to resize the operating footprint and cost base of the business, and changed operational practices to de-risk the intra-month cash requirements.

Following the third COVID-19 lockdown in early 2021, management ran a number of forecast scenarios to assess the impact of the current COVID-19 situation on our trading and hence on the liquidity needs of the business and the likely impact on banking covenants. These scenarios explored the continuation of the current lockdown for varying periods and more severe trading impacts where "Click and Drive" could no longer operate and so volumes were more severely impacted. These tests made varying assumptions on how strongly the market did or did not bounce back after lockdown ended. Management also ran a number of reverse stress tests to identify the point where covenant compliance would become an issue, and in parallel identified a range of mitigating actions it could reasonably assume to address both liquidity and profitability. In running and assessing these tests, and in particular in assessing their likelihood, management has also taken into consideration our performance to date under the current lockdown.

In the core tests the Group had sufficient liquidity and was able to comply with its banking covenants. In the reverse stress tests management were satisfied that the stresses were sufficiently severe, and that sufficient mitigating actions are available to them, for these tests to not impact on going concern considerations.

The Group has certain reporting obligations with its lenders. Delays in achievement of deadlines could also cause a covenant breach. In such circumstances and without actioning the various mitigating actions available, the Group may be unable to realise assets and discharge liabilities in the normal course of business.

In view of the various COVID-19 sensitivities and reverse stress testing, the Board concludes that preparing the accounts on the basis of Going Concern is appropriate.

At 31 December 2020 the Group had net debt of c.£45.0m (2019: £59.5m).

At 31 December 2020 the banking facilities included a revolving credit facility of up to £238m. These facilities are due for renewal before March 2022.

The Group has agreed revised covenants with its banking partners for the period to June 2021.

Alternative Performance Measures

The Group uses a number of Alternative Performance Measures (APMs) which are non-IFRS (International Financial Reporting Standards) measures in establishing their financial performance. The Group believes the APMs provide useful, historical financial information to assist investors and other stakeholders to evaluate the performance of the business and are measures commonly used by certain investors for evaluating the performance of the Group. APMs should be considered in addition to IFRS measures and are not intended to be a substitute for IFRS measurements.

Following the introduction of non-underlying items in the Statement of Total Comprehensive Income the Group's APMs have also been redefined to be based around underlying measures, whereas previously the basis had been to use adjusted profit measures. More details of the APMs and a reconciliation of the IFRS measures used in the Interim Report to those APMs used for KPI monitoring are including in Note 17.

Like-for-Like is the collection of dealerships and other trading businesses that have both a full period of trading activity in the current and prior periods.

2. Segmental reporting

	Unaudited six months ended 30 June 2020 £m	Mix*	Unaudited six months ended 30 June 2019 (restated) £m	Mix*	Audited year ended 31 December 2019 £m	Mix*
New cars	705.2	41.7%	1,267.0	45.3%	2,226.4	43.0%
Used cars	770.0	45.6%	1,232.0	44.0%	2,326.3	44.9%
Aftersales	162.1	9.6%	254.0	9.1%	495.3	9.5%
Leasing and other	52.5	3.1%	45.9	1.6%	134.0	2.6%
Less: intercompany	(126.1)	-	(193.8)	-	(394.8)	-
Revenue	1,563.7	100%	2,605.1	100%	4,787.2	100%

*Mix calculation excludes the effect of intercompany revenues.

3. Non-underlying items

Non-underlying items relate to costs or incomes which are not incurred in the normal course of business or due to their size, nature and irregularity are not included in the assessment of financial performance in order to reflect management's view of the core-trading performance of the Group.

	Note	Unaudited six months ended 30 June 2020 £m	Unaudited six months ended 30 June 2019 (restated) £m	Audited year ended 31 December 2019 £m
Non-underlying items at operating profit				
1 - Loss/(gain) on property disposals		0.1	0.3	(4.9)
2 - Impairment of property, plant and equipment		3.2	-	3.7
2 - Impairment of right of use assets		0.3	-	1.8

2 - Restructuring costs	4.2	0.1	8.8
3 - Impairment of goodwill and intangible assets	2.6	-	30.4
4 - Value added tax (VAT)	-	-	(6.2)
5 - Restructure of regulated activities	-	2.0	4.7
5 - FCA provision	-	-	10.4
6 - Accrual for potential tax penalties	-	-	1.0
7 - Professional fees	3.5	-	-
Non-underlying items at operating profit	13.9	2.4	49.7

The following details items of income and expenditure that the Group has classified as non-underlying in its statement of total comprehensive income.

1 - Property disposals in H1 2020 relate to a loss following the sale and leaseback of a property and disposals in H1 2019 relate to a loss following the sale of freehold properties. Details of the items affecting the year ended 31 December 2019 are made in the 2019 Annual Report & Accounts.

2 - Costs relating to the group-wide restructuring, site closure and impairment losses have been recognised during the period. Details of the items affecting the year ended 31 December 2019 are made in the 2019 Annual Report & Accounts. Onerous lease provisions reclassified against the carrying values of right of use assets in the year ended 31 December 2019 have been similarly re-presented in Note 10 as at 30 June 2019; this reclassification does not give rise to a P&L charge in H1 2019.

3 - During the period the Directors have concluded that impairment of some of the Group's intangible asset base is required given the current market conditions (see Note 7). Details of the items affecting the year ended 31 December 2019 are made in the 2019 Annual Report & Accounts.

4,5,6 - Details of the items affecting the year ended 31 December 2019 are made in the 2019 Annual Report & Accounts.

7 - During H1 2020 the Group has incurred certain professional fees in relation to the fraud investigation procedures carried out by a number of advisory firms (see 'Financial statements restatement and presentational changes' in Note 18).

4. Net interest

	Unaudited six months ended 30 June 2020 £m	Unaudited six months ended 30 June 2019 (restated) £m	Audited year ended 31 December 2019 £m
Interest expense:			
Interest payable on bank borrowings	(5.0)	(4.5)	(10.0)
Interest on consignment, repurchase vehicle liabilities and stocking loans	(6.1)	(6.2)	(12.1)
Interest on vehicle rental finance liabilities	(3.5)	(3.9)	(2.2)
Interest on lease liabilities	(2.8)	(2.9)	(5.7)
Interest cost on defined benefit pension obligation	(2.9)	(4.2)	(8.1)
Debt issue costs	(0.2)	(0.2)	(0.4)
	(20.5)	(21.9)	(38.5)
Interest income:			
Interest income on bank balances	-	-	-
Interest income on pension scheme assets	2.3	3.2	6.2
	2.3	3.2	6.2
Net interest	(18.2)	(18.7)	(32.3)

* Details of the presentational adjustments and corrections of errors are made in Note 18.

5. Dividends

	Unaudited six months ended 30 June 2020 £m	Unaudited six months ended 30 June 2019 £m	Audited year ended 31 December 2019 £m
Interim dividend for the years ended 31 December 2019 1.48p	-	-	5.8
Final dividend for the years ended 31 December 2018 2.60p	-	10.1	10.1
	-	10.1	15.9

The Directors do not propose an interim dividend for 2020 (2019: interim dividend 1.48p).

6. Earnings per share

	Unaudited six months ended 30 June 2020	Unaudited six months ended 30 June 2019 (restated)	Audited year ended 31 December 2019
(Loss)/earnings attributable to ordinary shareholders (£m)	(50.5)	15.4	(41.6)
Weighted average number of shares in issue	390,138,374	389,084,483	389,182,654
Basic (loss)/earnings per share (p)	(12.94)	3.96	(10.69)
(Loss)/earnings attributable to ordinary shareholders (£m)	(50.5)	15.4	(41.6)
Dilutive effect of share based payment options and weighted average number of shares in issue	390,138,374	404,826,421	389,182,654
Diluted (loss)/earnings per share (p)	(12.94)	3.80	(10.69)
(Loss)/profit before tax (£m)	(50.0)	19.6	(45.5)
Add: Non-underlying items (£m)	13.9	2.4	49.7
Underlying (loss)/profit before tax (£m)	(36.1)	22.0	4.2
Tax rate	19.0%	19.0%	19.0%
Underlying tax (£m)	6.9	(4.2)	(0.8)
Underlying earnings attributable to ordinary shareholders (£m)	(29.2)	17.8	3.4
Weighted average number of shares in issue	390,138,374	389,084,483	389,182,654
Underlying basic (loss)/earnings per share (p)	(7.50)	4.58	0.87

In the periods to 31 December 2019 and 30 June 2020 the basic and diluted earnings per share are equal as a result of the Group incurring a loss for the period / year. This has therefore created an anti-dilutive impact. Earnings per share have been restated following the recognition of prior period adjustments.

7. Goodwill

	Unaudited six months ended 30 June 2020 £m	Unaudited six months ended 30 June 2019 (restated) £m	Audited year ended 31 December 2019 £m
Cost			
As at 1 January and 31 December	122.4	122.4	122.4
Aggregate impairment			
At 1 January	40.5	10.7	10.7
Charge for the period/year	2.6	-	29.8
As at 31 December	43.1	10.7	40.5
Carrying amount at 31 December	79.3	111.7	81.9

Following an update to the Group's annual impairment review and reflecting a deterioration in expected market conditions as a result of COVID-19 underpinning the value in use calculations, an impairment charge of £2.6m has been recognised during the period against the Ford CGU.

The following table summarises goodwill and intangibles with an indefinite useful economic life allocated by CGU:

CGU	2020 Interim Goodwill £m	2020 Interim Licences and brands £m	2020 Interim Total £m	2019 Interim Goodwill £m	2019 Interim Licences and brands £m	2019 Interim Total £m	2019 Goodwill £m	2019 Licences and brands £m	2019 Total £m
JLR	9.0	-	9.0	11.8	-	11.8	9.0	-	9.0
Audi	22.1	28.9	51.0	22.1	28.9	51.0	22.1	28.9	51.0
Charles Hurst	9.4	-	9.4	9.4	-	9.4	9.4	-	9.4
Renault Nissan Dacia Vauxhall	2.8	2.9	5.7	2.8	2.9	5.7	2.8	2.9	5.7
Mercedes-Benz	15.2	28.2	43.4	15.2	28.2	43.4	15.2	28.2	43.4
Volkswagen	6.9	15.9	22.8	6.9	15.9	22.8	6.9	15.9	22.8
Ford	4.8	2.9	7.7	24.8	2.9	27.7	7.4	2.9	10.3
BMW	0.0	21.7	21.7	9.6	22.3	31.9	0.0	21.7	21.7
Fleet & Leasing	9.1	-	9.1	9.1	-	9.1	9.1	-	9.1
	79.3	100.5	179.8	111.7	101.1	212.8	81.9	100.5	182.4

During 2020 the Group has merged the operational activities of the former Renault Nissan Dacia CGU with that of the former Vauxhall CGU. The above table therefore discloses the new CGU following the transfer of £0.2m of goodwill relating to Vauxhall.

The Group prepares forecasts that consider the Group's profit and loss, cashflows, debt and other key financial ratios over the relevant period. There are a number of key assumptions within these forecasts and these have been based on management's past experience and knowledge of the market. The key assumptions that have been used in determining the value in use of each cash generating unit in the impairment model are set out in the table below:

Assumption	2020 H1	2019 FY	2018 FY	2017 FY
One to five year revenue growth	0.0% to 1.0%	0.0% to 1.0%	0.0% to 1.4%	0.0% to 1.6%
One to five year operating expenses growth	0.0% to 2.0%	0.0% to 2.0%	0.0% to 1.1%	0.0% to 1.1%
Post year five growth rate	0%	0%	0%	0%
Discount rate	8.14%	8.51%	8.70%	9.70%

The value-in-use of each CGU is calculated using cash flow projections for a five-year period; from 1 January 2021 to 31 December 2025. These projections are based on the budget for the year ended 31 December 2021 and form the basis for the Group's strategic plan. The key assumptions in the most recent annual budget on which the cash flow projections are based relate to expectations of sales volumes and margins and expectations around changes in the operating cost base.

The pre-tax adjusted discount rate used has been calculated using the Group's estimated cost of capital, adjusted for the impact of IFRS 16 and benchmarked against externally available data. The Directors believe this is an appropriate proxy for industry cost of capital.

Details regarding sensitivity analysis are included in the 2019 Annual Report & Accounts. Following the completion of the updated interim impairment review the Directors are still of the same view that the Ford, BMW and JLR CGUs are the most susceptible to potential further impairments and they will continue to monitor the headroom of these CGUs when undertaking the 2020 annual impairment review for the purpose of the 2020 Annual Report & Accounts.

Details with regards to subsequent events affecting the carrying value of goodwill and non-amortised intangible assets are provided in Note 15.

8. Intangible assets

Group	Licences and brands £m	IT development £m	Total £m
Cost			
At 1 January 2019	102.6	31.7	134.3
Additions	-	4.2	4.2
At 30 June 2019	102.6	35.9	138.5
At 1 January 2019	102.6	31.7	134.3
Additions	-	7.9	7.9
At 31 December 2019	102.6	39.6	142.2
At 1 January 2020	102.6	39.6	142.2
Additions	-	0.7	0.7
At 30 June 2020	102.6	40.3	142.9
Accumulated amortisation and impairment			
At 1 January 2019 (restated)	1.5	19.4	20.9
Charge for the period	-	3.3	3.3
At 30 June 2019 (restated)	1.5	22.7	24.2
At 1 January 2019 (restated)	1.5	19.4	20.9
Charge for the period	-	6.1	6.1
Impairment charge	0.6	0.4	1.0
At 31 December 2019	2.1	25.9	28.0
At 1 January 2020	2.1	25.9	28.0
Charge for the period	-	2.3	2.3
At 30 June 2020	2.1	28.2	30.3
Carrying amount			
As at 30 June 2019 (restated)	101.1	13.2	114.3
As at 31 December 2019	100.5	13.7	114.2
As at 30 June 2020	100.5	12.1	112.6

Details of the items affecting the year ended 31 December 2019 are made in the 2019 Annual Report & Accounts.

9. Property, plant and equipment

Cost	Freehold property £m	Leasehold property £m	Motor vehicles for rental £m	Other £m	Total £m
At 1 January 2019 (restated)	268.5	77.4	98.5	84.9	529.3
Movements in foreign exchange	2.3	-	-	-	2.3
Additions	1.7	1.5	17.5	15.6	36.3
Disposals	(0.7)	(1.0)	(0.9)	(2.4)	(5.0)
Transfers	-	3.1	-	(3.1)	-
Transfers to inventories	-	-	(13.2)	-	(13.2)
Transfers to assets held for sale	-	-	-	-	-
At 30 June 2019 (restated)	271.8	81.0	101.9	95.0	549.7
At 1 January 2019 (restated)	268.5	77.4	98.5	84.9	529.3
Movements in foreign exchange	(1.0)	-	-	(0.1)	(1.1)
Additions	3.7	10.5	35.5	31.6	81.3
Disposals	(9.7)	(1.6)	(0.4)	(10.2)	(21.9)
Transfers	15.3	6.6	-	(21.9)	-
Transfers to inventories	-	-	(32.5)	-	(32.5)
Transfers to assets held for sale	(6.6)	-	-	-	(6.6)
At 31 December 2019	270.2	92.9	101.1	84.3	548.5
At 1 January 2020	270.2	92.9	101.1	84.3	548.5
Movements in foreign exchange	0.3	-	-	-	0.3
Additions	0.8	0.8	7.1	7.6	16.3
Disposals	(3.7)	-	(0.8)	(1.7)	(6.2)
Transfers	(2.6)	2.6	-	-	-
Transfers to inventories	-	-	(11.0)	-	(11.0)
Transfers to assets held for sale	(0.6)	-	-	-	(0.6)
At 30 June 2020	264.4	96.3	96.4	90.2	547.3
Accumulated depreciation and impairment					
At 1 January 2019 (restated)	19.8	16.6	30.9	45.2	112.5
Movements in foreign exchange	-	-	-	-	-
Charge for the period	1.3	1.3	12.0	2.7	17.3
Impairment loss	-	-	-	-	-
Disposals	(0.2)	(0.2)	(0.5)	(1.6)	(2.5)
Transfers to inventories	-	-	(7.2)	-	(7.2)
Transfers to assets held for sale	(1.6)	-	-	-	(1.6)
At 30 June 2019 (restated)	19.3	17.7	35.2	46.3	118.5
At 1 January 2019 (restated)	19.8	16.6	30.9	45.2	112.5
Movements in foreign exchange	-	-	-	(0.1)	(0.1)
Charge for the year	2.5	3.0	19.0	9.5	34.0
Impairment loss	3.1	-	-	1.2	4.3
Disposals	(0.6)	(1.3)	(0.4)	(10.0)	(12.3)
Transfers to inventories	-	-	(17.6)	-	(17.6)
Transfers to assets held for sale	(1.5)	-	-	-	(1.5)
At 31 December 2019	23.3	18.3	31.9	45.8	119.3
At 1 January 2020	23.3	18.3	31.9	45.8	119.3
Movements in foreign exchange	-	-	-	-	-
Charge for the period	1.2	1.3	10.6	4.8	17.9
Impairment loss	3.0	0.1	-	0.1	3.2
Disposals	(0.2)	-	(0.5)	(1.5)	(2.2)

Transfers to inventories	-	-	(6.4)	-	(6.4)
Transfers to assets held for sale	-	-	-	-	-
At 30 June 2020	27.3	19.7	35.6	49.2	131.8
Carrying amount					
As at 30 June 2019 (restated)	252.5	63.3	66.7	48.7	431.2
As at 31 December 2019	246.9	74.6	69.2	38.5	429.2
As at 30 June 2020	237.1	76.6	60.8	41.0	415.5

10. Right of Use Assets

	Property £m	Other £m	Total £m
Cost			
At 1 January 2019	240.1	6.0	246.1
Additions	11.1	2.0	13.1
Retirements and surrenders	(0.1)	(2.0)	(2.1)
At 30 June 2019	251.1	6.0	257.1
At 1 January 2019	240.1	6.0	246.1
Additions	19.5	2.9	22.4
Retirements and surrenders	(5.3)	(2.6)	(7.9)
At 31 December 2019	254.3	6.3	260.6
At 1 January 2020	254.3	6.3	260.6
Additions	8.2	0.2	8.4
Retirements and surrenders	-	(2.0)	(2.0)
At 30 June 2020	262.5	4.5	267.0
Accumulated depreciation and impairment			
At 1 January 2019	138.9	3.9	142.8
Charge for the period	5.7	1.4	7.1
Impairment charge	1.4	-	1.4
Retirements and surrenders	(0.1)	(2.0)	(2.1)
At 30 June 2019	145.9	3.3	149.2
At 1 January 2019	138.9	3.9	142.8
Charge for the year	11.5	2.8	14.3
Impairment charge	1.8	-	1.8
Retirements and surrenders	(3.4)	(2.6)	(6.0)
At 31 December 2019	148.8	4.1	152.9
At 1 January 2020	148.8	4.1	152.9
Charge for the period	5.0	1.1	6.1
Impairment charge	0.3	-	0.3
Retirements and surrenders	-	(2.0)	(2.0)
At 30 June 2020	154.1	3.2	157.3
Carrying amount			
As at 30 June 2019	105.2	2.7	107.9
As at 31 December 2019	105.5	2.2	107.7
As at 30 June 2020	108.4	1.3	109.7

Details of the items affecting the year ended 31 December 2019 are made in the 2019 Annual Report & Accounts.

Impairment charges totalling £1.4m in H1 2019 have been reclassified from onerous lease accruals previously held in the balance sheet; this reclassification does not give rise to a P&L charge in H1 2019

11. Assets held for sale

	Unaudited June 2020 £m	Unaudited June 2019 £m	Audited 31 December 2019 £m
Lower of carrying amount and fair value less cost to sell			
At 1 January	10.0	8.0	8.0
Net transfers from property, plant and equipment and financial liabilities	0.6	1.6	5.1
Disposals	-	(3.1)	(3.1)
At 30 June/31 December	10.6	6.5	10.0

During the prior period and prior year the total carrying amount disposed from held for sale amounted to £3.1m. Total proceeds received was £2.9m resulting in a loss on property disposals of £0.2m. As a result of the restructuring events during 2019 and 2020 certain properties have been transferred from property, plant and equipment into assets held for sale at 30 June 2019, 31 December 2019 and 30 June 2020 respectively.

12. Inventories

	Unaudited June 2020 £m	Unaudited June 2019 (restated) £m	Audited 31 December 2019 £m
Goods for resale	307.2	448.4	398.7
Vehicle spare parts for resale	18.9	21.2	24.1
Consignment vehicles	530.1	452.6	533.7
	856.2	922.2	956.5

13. Provisions

	Unaudited June 2020 £m	Unaudited June 2019 £m	Audited 31 December 2019 £m
Restructure of regulated activities	-	2.0	-
Provision in respect of regulatory matters	10.4	-	10.4
At 31 December	10.4	2.0	10.4

	Provisions for other charges
Created in the year	-
Created in the period	2.0
At 30 June 2019	2.0
At 1 January 2019	-
Created in the year	10.4
At 31 December 2019	10.4
At 1 January 2020	10.4
Created in the period	-
At 30 June 2020	10.4

The Group is currently in discussion with the FCA on a number of matters including the past business review, ongoing enforcement review and the events that led to the delay in publishing the 2019 Annual Report & Accounts, these 2020 interim statements and the suspension of shares on 1 July 2020. After careful consideration of the open matters, the Board has concluded that it is more likely than not that the Group will incur an outflow of economic resources in respect of at least some of these matters and, as previously communicated, the Group included a provision of £10.4m in the 2019 Annual Report and Accounts against liabilities that may arise.

14. Financial Instruments

	At 1 Jan 2019 (restated) £m	Net RCF movement £m	Loan receipt £m	Lease incentives £m	Lease repayment £m	Lease receipt £m	Non-cash movement £m	At 30 June 2019 (restated) £m
Movement in financial liabilities								
Other loans	11.5	-	2.3	-	-	-	-	13.8
RCF	118.7	23.3	-	-	-	-	(0.2)	141.8
Lease liabilities	128.4	-	-	-	(7.8)	-	12.4	133.0
Vehicle rental finance liabilities	89.7	-	-	-	(32.8)	42.8	-	99.7
	348.3	23.3	2.3	-	(40.6)	42.8	12.2	388.3
Cash and cash equivalents	(152.8)							(189.7)
Bank overdraft	108.5							105.8
Net debt excluding lease and vehicle rental liabilities	85.9							71.7
Net debt including lease and vehicle rental liabilities	304.0							304.4

	At 1 Jan 2019 (restated) £m	Net RCF movement £m	Loan repayment £m	Lease incentives £m	Lease repayment £m	Lease receipt £m	Non-cash movement £m	At 31 Dec 2019 £m
Movement in financial liabilities								
Other loans	11.5	-	(1.4)	-	-	-	-	10.1
RCF	118.7	(37.3)	-	-	-	-	(0.6)	80.8
Lease liabilities	128.4	-	-	1.2	(15.6)	-	20.1	134.1
Vehicle rental finance liabilities	89.7	-	-	-	(69.0)	76.5	-	97.2
	348.3	(37.3)	(1.4)	1.2	(84.6)	76.5	19.5	322.2
Cash and cash equivalents	(152.8)							(150.3)
Bank overdraft	108.5							118.9
Net debt excluding lease and vehicle rental liabilities	85.9							59.5
Net debt including lease and vehicle rental liabilities	304.0							290.8

	At 1 Jan 2020 £m	Net RCF movement £m	Loan receipt £m	Lease incentives £m	Lease repayment £m	Lease receipt £m	Non-cash movement £m	At 30 June 2020 £m
Movement in financial liabilities								
Other loans	10.1	-	0.8	-	-	-	-	10.9
RCF	80.8	123.7	-	-	-	-	(0.2)	204.3
Lease liabilities	134.1	-	-	-	(7.2)	-	8.9	135.8
Vehicle rental finance liabilities	97.2	-	-	-	(38.7)	29.1	-	87.6
	322.2	123.7	0.8	-	(45.9)	29.1	8.7	438.6

Cash and cash equivalents	(150.3)	(295.5)
Bank overdraft	118.9	91.3
Net debt excluding lease and vehicle rental liabilities	59.5	11.0
Net debt including lease and vehicle rental liabilities	290.8	234.4

Non-cash movements arise following the retranslation of a Euro denominated loan and the reclassification and amortisation of the Group's debt issue costs. Non-cash movements in relation to IFRS 16 relate to the recognition and de-recognition of lease liabilities.

15. Subsequent events

COVID-19

Subsequent to the balance sheet date the UK continues to be subject to the COVID-19 pandemic. Given the inherent uncertainties it is not possible at this time to fully quantify the impact of COVID-19 nor provide a quantitative assessment of this impact.

During the second and third national lockdowns in November 2020 and January 2021 respectively, pre-booked aftersales servicing continues to be provided in compliance with lockdown restrictions, with new and used vehicle sales activity carried out via 'Click & Drive'. The impact of COVID-19 has resulted in a contraction of the market and thereby had a detrimental impact on the Group's expected revenues and cash inflows. It is too early to fully quantify what the impact will be in terms of the cash realisation relating to the Group's inventories and whether the Group's property portfolio and the carrying values of goodwill and non-amortised intangible assets will be adversely affected.

The Board's impairment review assessment over goodwill and non-amortised intangible assets was based on economic and market conditions prevalent at 30 June 2020. Following the completion of this impairment review as at 30 June 2020, the Directors are of the view that the Ford, BMW and JLR CGUs are the most susceptible to potential further impairments and they will continue to monitor the headroom of these CGUs when undertaking the 2020 annual impairment review for the purpose of the 2020 Annual Report & Accounts.

The Group continues to draw down on its revolving credit facility in order to ensure it has sufficient cash reserves available to meet its short-term financial liabilities.

The Group has also reassessed the impact on the Lookers Pension Plan (the Group's largest scheme) at 30 September 2020. The deficit of this scheme has been estimated to increase to £69.7m (31 December 2019: £56.7m) based on a decrease in the discount rate applied of 1.6% which has increased the estimate of the total of the defined benefit obligation. This increase in the benefit obligation has been offset somewhat by an increase in expected returns of scheme assets but not to the same extent. The effect of these is shown in the increase in the overall scheme deficit compared with 31 December 2019.

Other pension scheme matters

As referred to in the 2019 Annual Report & Accounts, negotiations following the triennial review of the Lookers Pension Plan at 31 March 2019 have concluded. The Group has now received approval from its lenders to increase pension deficit payments on the Lookers Pension Plan to £12m plus expenses and PPF levy, all subject to increases linked to CPI. The revised contributions were effective from 1 July 2020.

During 2020 the Dutton Forshaw Pension Plan trustees resolved the transfer of all remaining assets and liabilities to the Lookers Pension Plan.

The triennial valuation at 31 December 2019 of the Benfield Pension Plan remains ongoing. Management is working closely with the actuary and advisors to agree the ongoing level of contributions and expenses. The current deficit contributions are £0.3m plus expenses and PPF levy.

In a ruling issued on 20 November 2020, the High Court indicated that the trustees of the Group's defined benefit schemes could not rely on any statutory provisions, scheme rules or any discharge agreements made with the transferring members that would prevent the schemes needing to pay additional top-ups in respect of GMP

equalisation. As a result, all transfers out since 17 May 1990 will need to be equalised. The Group is currently assessing the potential impact of this ruling on transfers out from its relevant pension schemes but does not believe that this impact will be material.

Restructuring and portfolio management

As referred to in the 2019 Annual Report & Accounts, the Board considered the future structure of Lookers in light of potential demand, a smaller dealership estate and the structural changes taking place across the industry. As a result, the Group took the difficult decision to commence redundancy consultations across all areas of the Group which resulted in approximately 1,500 redundancies. The Board carefully considered all options and regrettably considered this action as being necessary in the current environment to sustain and protect the Lookers business over the long term.

In addition, and having worked closely with our brand partners, the Group identified a further 12 sites (including seven freehold sites) for either closure, consolidation or refranchising. Closure of these sites is now complete, with related property disposals ongoing. Following these closures, the Group now operates from a portfolio of 140 dealerships.

Banking facilities

The Group has reduced its RCF commitment with its Lenders from £250.0m to £238.1m. Refinancing conversations with the Group's banking syndicate are ongoing.

16. Related parties

There have been no material changes to the Group's principal subsidiaries as listed in the 2019 Annual Report & Accounts.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

	Sales to related parties £m	Purchases from related parties £m	Amounts owed by related parties £m	Amounts owed to related parties £m
Key management personnel of the Group:				
Other directors' interests:				
	period ended 30 June 2020	-	0.1	-
	period ended 30 June 2019	-	0.1	-
	year ended 31 December 2019	0.9	0.4	-

During 2019, Group companies made sales at market prices to Winterquay Limited, Bramall Properties Limited and Vantage Motor Group Limited. During both 2020 and 2019, Group companies made purchases at market prices from Bramall Properties Limited. These are considered to be related parties due to them having directors common to those of Lookers plc.

17. Reconciliation of Alternative Performance Measures

The Group uses a number of Alternative Performance Measures (APMs) which are non-IFRS measures in establishing their financial performance. Like for Like is the collection of dealerships and other trading businesses that have both a full year of trading activity in the current year and prior year. The Group believes these Measures provide useful, historical financial information to assist investors and other stakeholders to evaluate the performance of the business and are measures commonly used by certain investors for evaluating the performance of the Group. In particular, the Group uses Measures which reflect the underlying performance on the basis that this provides users of the financial statements with additional useful information to better assess the a more relevant focus on the core business performance of the Group. Details of the definitions of APMs are made within the Glossary. The table below shows restated comparative figures to show the impact of the adjustments identified in the notes below. A reconciliation of the statutory measures to the Alternative Performance Measures is set out below:

	Unaudited June 2020	Unaudited June 2019 (restated)	Audited 31 December 2019
Like-for-like revenue			
Revenue (£m)	1,563.7	2,605.1	4,787.2
Less: Non like-for-like revenue	(38.8)	(144.0)	(228.4)
Like-for-like revenue (£m)	1,524.9	2,461.1	4,558.8
Underlying operating (loss)/profit (£m)			
Operating (loss)/profit (£m)	(31.8)	38.3	(13.2)
Add: Non-underlying items (£m) - Note 3	13.9	2.4	49.7
Underlying operating (loss)/profit (£m)	(17.9)	40.7	36.5
Underlying profit before tax and underlying basic EPS			
(Loss)/profit before tax (£m)	(50.0)	19.6	(45.5)
Add: Non-underlying items (£m) - Note 3	13.9	2.4	49.7
Underlying profit before tax (£m)	(36.1)	22.0	4.2
Tax rate (%)	19%	19%	19%
Underlying tax (£m)	6.9	(4.2)	(0.8)
Underlying profit after tax (£m)	(29.2)	17.8	3.4
Weighted average number of shares in issue - Note 6	390,138,374.0	389,084,483.2	389,182,653.8
Underlying basic EPS (p)	(7.5)	4.6	0.9
Property portfolio and property portfolio by share			
Property, plant and equipment (£m)	415.5	431.2	429.2
Less: Other property, plant and equipment (£m) - Note 9	(41.0)	(48.7)	(38.5)
Less: Motor vehicles (£m) - Note 9	(60.8)	(66.7)	(69.2)
Property portfolio (£m)	313.7	315.8	321.5
Share capital at 30 June/31 December	390,138,374.0	389,237,645.0	390,138,374.0
Property portfolio per share (p)	80.4	81.1	82.4
Net debt excluding lease liabilities and rental vehicle finance liabilities			
Bank loans and overdrafts (£m)	306.5	261.4	209.8
Less: Cash and cash equivalents (£m)	(295.5)	(189.7)	(150.3)
Net debt (£m)	11.0	71.7	59.5

18. Other presentational changes and prior period adjustments

Financial statements restatement and presentational changes

As announced on 10 March 2020 and subsequently updated in RNS announcements, following the identification of a potential fraud and other issues in an operating division, in conjunction with Grant Thornton the Board immediately commenced a two-stage Investigation. Initially, the first stage, conducted by Grant Thornton, reviewed the operating division concerned and subsequently the Board extended the work performed by Grant Thornton and also implemented an extensive internal review. Together these are considered "the Investigation". Further details of the Investigation and of the remediation activity being undertaken to address the issues identified are provided in the 2019 Annual Report & Accounts.

The Investigation led to the identification of adjustments required to the 2019 Profit before Tax and 31 December 2019 Balance Sheet, and these are detailed in the 2019 Annual Report & Accounts.

These prior year restatements have now been assessed and the accounts for the six months ended 30 June 2019 restated to reflect these adjustments. These restatements are within those disclosed in the 2019 Annual Report & Accounts.

The adjustments that have now been made to the 2019 half year accounts comprise items that can be clearly and specifically identified as belonging to the first half of the year, and/or items where a reasonable apportionment of the full year total can be made between the first and second halves of the year. In identifying the prior year restatements,

the aim and priority was to ensure the closing 2019 year-end balance sheet reflected all prior year adjustments. Although a similar exercise was carried out on the half year balance sheet, it was not as comprehensive as for the full year. It is important to note that this restatement exercise has therefore involved an element of judgement by management. Our substantive review of H1 2019 and H1 2020 did not identify any additional issues that required adjustment.

This has resulted in a total of £5.8m of adjustments to the H1 2019 Profit before Tax (£7.7m adjustment at the Underlying Profit before Tax level).

Further changes are made to ensure that the presentation of H1 2019 is consistent with the 2019 Annual Report & Accounts. In particular, voluntary changes were made to the presentational disclosure of the Income Statement, and there are a number of Balance Sheet reclassifications arising from the update of assumptions on discount rates applied in the adoption of IFRS 16 Leasing. The net impact of these further changes on the H1 2019 Underlying Profit before Tax is £0.5m.

For the purposes of this report, and to assist understanding, the adjustments have been aggregated where the nature and cause of the misstatement is similar. These groupings are as follows:

- Presentational adjustments
- Correction of fictitious transactions
- Correction of errors arising from inappropriate or inconsistent accounting standards application 'Policy misapplication'
- Correction of errors arising from weaknesses in controls grouped by nature 'Control weaknesses'
- Impact of IFRS 16

A summary of the adjustments to Profit and Loss items arising from the Investigation is presented below, consistent with the table and supporting analysis on pages 32-35 of the 2019 Annual Report & Accounts:

Nature of adjustment	H1 2019 Impact - £m	FY 2019 Impact - £m
Fictitious transactions	(1.2)	(1.2)
Policy misapplication		
Cash and bank	-	(0.3)
Leasing companies	0.3	0.3
Staff car schemes	<u>(0.1)</u>	<u>(1.2)</u>
	0.2	(1.2)
Control weaknesses		
Property, plant and equipment and intangible assets	(0.4)	(5.9)
Manufacturer bonuses	(0.6)	(0.4)
Central finance function	(2.5)	1.6
Divisional finance function	<u>(1.3)</u>	<u>(3.8)</u>
	(4.8)	(8.5)
Impact before taxation	(5.8)	(10.9)
Taxation	0.8	2.6
Total Retained Earnings Impact	(5.0)	(8.3)

Further details of these adjustments are made in the restatement tables below:

Condensed Statement of Total Comprehensive Income (restated)

Period ended 30 June 2019	As previously reported unaudited 30 June 2019 £m	Presentational adjustments £m	Correction of errors - fictitious transactions £m	Correction of errors - accounting policy misapplication £m	Correction of errors - control weaknesses £m	Subtotal - £m	Impact of IFRS 16 £m	As restated unaudited 30 June 2019 £m
Revenue	2,646.4	-	-	(41.2)	(0.1)	2,605.1	-	2,605.1
Cost of sales	(2,372.2)	-	(1.2)	49.4	-	(2,324.0)	-	(2,324.0)
Gross profit	274.2	-	(1.2)	8.2	(0.1)	281.1	-	281.1
Net operating expenses	(234.2)	(0.3)	-	(4.1)	(4.6)	(243.2)	0.4	(242.8)
Loss on property, plant and equipment	(0.3)	0.3	-	-	-	-	-	-
Operating profit	39.7	-	(1.2)	4.1	(4.7)	37.9	0.4	38.3
Underlying operating profit	42.8	(0.8)	(1.2)	4.1	(4.6)	40.3	0.4	40.7
Non-underlying items	(3.1)	0.8	-	-	(0.1)	(2.4)	-	(2.4)
Net interest	(13.6)	(1.2)	-	(3.9)	(0.1)	(18.8)	0.1	(18.7)
Net interest on pension scheme obligations	(1.0)	1.0	-	-	-	-	-	-
Debt issue costs	(0.2)	0.2	-	-	-	-	-	-
Profit before taxation	24.9	-	(1.2)	0.2	(4.8)	19.1	0.5	19.6
Underlying profit before taxation	29.2	(2.0)	(1.2)	0.2	(4.7)	21.5	0.5	22.0
Non-underlying items	(4.3)	2.0	-	-	(0.1)	(2.4)	-	(2.4)
Tax charge	(4.8)	-	-	-	0.8	(4.0)	(0.2)	(4.2)
Profit for the period	20.1	-	(1.2)	0.2	(4.0)	15.1	0.3	15.4
Actuarial losses on pension scheme obligations	(1.7)	-	-	-	-	(1.7)	-	(1.7)
Deferred tax on pension scheme obligations	0.3	-	-	-	-	0.3	-	0.3
Total other comprehensive expense for the period	(1.4)	-	-	-	-	(1.4)	-	(1.4)
Total comprehensive income/(expense) for the period	18.7	-	(1.2)	0.2	(4.0)	13.7	0.3	14.0
(Loss)/earnings per share:								
Basic (loss)/earnings per share (p)	5.2	-	(0.3)	0.1	(1.0)	3.9	0.1	4.0
Diluted (loss)/earnings per share (p)	5.0	-	(0.3)	0.0	(1.0)	3.7	0.1	3.8
Non-underlying items at operating profit								
Gain on property, plant and equipment	(0.3)	-	-	-	-	(0.3)	-	(0.3)
Share based compensation	(0.8)	0.8	-	-	-	-	-	-
Restructure of regulated activities	(2.0)	-	-	-	-	(2.0)	-	(2.0)
Restructuring costs	-	-	-	-	(0.1)	(0.1)	-	(0.1)
	(3.1)	0.8	-	-	(0.1)	(2.4)	-	(2.4)
Non-underlying items below operating profit								
Net interest on pension scheme obligations	(1.0)	1.0	-	-	-	-	-	-
Debt issue costs	(0.2)	0.2	-	-	-	-	-	-
	(1.2)	1.2	-	-	-	-	-	-

Non-underlying items at profit before tax	(4.3)	2.0	-	-	(0.1)	(2.4)	-	(2.4)
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Statement of Financial Position (restated)

	As previously reported unaudited 30 June 2019 £m	Correction of errors - fictitious transactions £m	Correction of errors - accounting policy misapplication £m	Correction of errors - control weaknesses £m	Impact of IFRS 16 £m	As restated unaudited at 30 June 2019 £m
Non-current assets						
Goodwill	116.2	-	-	(4.5)	-	111.7
Intangible assets	115.4	-	-	(1.1)	-	114.3
Property, plant and equipment	364.5	-	70.2	(0.4)	(3.1)	431.2
Right of use assets	81.7	-	-	-	26.2	107.9
	677.8	-	70.2	(6.0)	23.1	765.1
Current assets						
Inventories	990.9	-	(68.7)	-	-	922.2
Trade and other receivables	302.3	(2.7)	(0.5)	(16.4)	-	282.7
Current tax receivable	-	-	-	-	-	-
Rental fleet vehicles	64.2	-	-	-	-	64.2
Cash and cash equivalents	93.6	-	96.1	-	-	189.7
Assets held for sale	6.5	-	-	-	-	6.5
	1,457.5	(2.7)	26.9	(16.4)	-	1,465.3
Total assets	2,135.3	(2.7)	97.1	(22.4)	23.1	2,230.4
Current liabilities						
Bank loans and overdrafts	13.0	-	95.0	-	-	108.0
Trade and other payables	1,340.2	-	(2.6)	(4.3)	(1.4)	1,331.9
Lease liabilities	9.7	-	-	-	8.8	18.5
Provisions	2.0	-	-	-	-	2.0
Current tax payable	1.4	-	-	3.4	-	4.8
	1,366.3	-	92.4	(0.9)	7.4	1,465.2
Net current assets	91.2	(2.7)	(65.5)	(15.5)	(7.4)	0.1
Non-current liabilities						
Bank loans	154.5	-	(1.1)	-	-	153.4
Trade and other payables	25.2	-	5.8	-	-	31.0
Lease liabilities	95.4	-	-	-	19.1	114.5
Pension scheme obligations	67.4	-	-	-	-	67.4
Deferred tax liabilities	40.3	-	-	(4.2)	(3.4)	32.7
	382.8	-	4.7	(4.2)	15.7	399.0
Total liabilities	1,749.1	-	97.1	(5.1)	23.1	1,864.2

Net assets	386.2	(2.7)	-	(17.3)	-	366.2
Shareholders' equity						
Ordinary share capital	19.4	-	-	0.1	-	19.5
Share premium	78.4	-	-	-	-	78.4
Capital redemption reserve	15.1	-	-	-	-	15.1
Retained earnings	273.3	(2.7)	(0.0)	(17.4)	-	253.2
Total equity	386.2	(2.7)	(0.0)	(17.3)	-	366.2

Statement of Cash Flows (restated)

	As previously reported unaudited 30 June 2019 £m	Correction of errors £m	Correction of errors - leasing £m	Impact of IFRS 16 £m	As restated unaudited at 30 June 2019 £m
Cash flows from operating activities					
Profit for the period	20.1	(5.3)	0.3	0.3	15.4
Tax charge	4.8	(0.8)	-	0.2	4.2
Depreciation of property, plant and equipment, rental fleet and right of use assets	15.9	1.5	7.2	2.6	27.2
(Gain)/loss on disposal of property, plant and equipment and rental fleet	0.3	-	(0.3)	-	-
Gain on lease surrenders	-	-	-	-	-
Amortisation of intangible assets	3.3	-	-	-	3.3
Share based compensation	0.8	-	-	-	0.8
Impairment of property, plant and equipment	-	-	-	-	-
Impairment of right of use assets	-	-	-	-	-
Impairment of intangible assets (underlying)	-	-	-	-	-
Impairment of goodwill and intangible assets (non-underlying)	-	-	-	-	-
Interest income excluding pension related interest	(0.1)	0.1	-	-	-
Interest payable excluding pension related interest and debt issue costs	13.7	3.7	-	0.1	17.5
Debt issue costs	0.2	-	-	-	0.2
Difference between pension charge and cash contributions	(2.9)	-	-	-	(2.9)
Purchase of rental fleet vehicles	(51.5)	-	51.5	-	-
Proceeds from sale of vehicles for long term leasing	-	-	6.3	-	6.3
Proceeds from sale of rental fleet vehicles	38.7	-	(10.9)	-	27.8
Creation of provisions	2.0	-	-	-	2.0
Changes in inventories	36.8	15.7	(12.4)	-	40.1
Changes in receivables	(127.2)	5.3	-	-	(121.9)
Changes in payables	111.3	(16.0)	-	(1.4)	93.9
Cash generated from operations	66.2	4.2	41.7	1.8	113.9
Proceeds from sale of vehicles for long term leasing	-	-	-	-	-
Proceeds from sale of rental fleet vehicles	-	-	-	-	-
Interest paid	(13.9)	(3.6)	-	2.9	(14.6)

Interest paid - finance leases	-	-	-	(2.9)	(2.9)
Interest received	0.1	(0.1)	-	-	-
Tax received/(paid)	(3.2)	-	-	-	(3.2)
Net cash inflow from operating activities	49.2	0.5	41.7	1.8	93.2
Cash flows from investing activities					
Purchase of property, plant and equipment	(21.7)	2.9	-	-	(18.8)
Purchase of vehicles for long term leasing	-	-	(17.5)	-	(17.5)
Purchase of rental fleet vehicles	-	-	(34.2)	-	(34.2)
Purchase of intangibles	(1.8)	(2.4)	-	-	(4.2)
Purchase of subsidiaries net of cash received	-	-	-	-	-
Proceeds from disposal of property, plant and equipment	3.4	-	-	-	3.4
Net cash outflow from investing activities	(20.1)	0.5	(51.7)	-	(71.3)
Cash flows from financing activities					
Proceeds from issue of ordinary shares	-	-	-	-	-
Redemption of ordinary shares	-	-	-	-	-
Receipt of funding advanced for vehicle leasing arrangements	-	-	42.8	-	42.8
Repayment of funding advanced for vehicle leasing arrangements	-	-	(32.8)	-	(32.8)
Receipt/(repayment) of loans	(0.5)	2.8	-	-	2.3
Draw down on RCF	117.0	-	-	-	117.0
Repayment on RCF	(90.0)	(3.7)	-	-	(93.7)
Repayment of lease liabilities	(6.0)	-	-	(1.8)	(7.8)
Receipt of lease incentives	-	-	-	-	-
Dividends paid	(10.1)	-	-	-	(10.1)
Net cash outflow from financing activities	10.4	(0.9)	10.0	(1.8)	17.7
Increase in cash and cash equivalents	39.5	0.1	-	-	39.6
Cash and cash equivalents at 1 January	43.3	1.0	-	-	44.3
Cash and cash equivalents at 30 June	82.8	1.1	-	-	83.9
Analysis of cash and cash equivalents					
Cash and cash equivalents	93.6	96.1	-	-	189.7
Bank overdraft	(10.8)	(95.0)	-	-	(105.8)
Cash and cash equivalents at 31 December	82.8	1.1	-	-	83.9

Notes of restatements

Condensed Statement of Total Consolidated Comprehensive Income

Presentational adjustments

This column discloses the reclassification of gains on property disposals to within non-underlying items in addition to the inclusion of debt issue costs and net interest on pension scheme obligations to within net interest and the reclassification of share-based compensation costs to within net operating expenses. These reclassifications are presentational only and do not change the reported result for the period ended 30 June 2019.

Correction of errors - fictitious transactions

Correction of error totalling £1.2m in relation to the fictitious entries created in one of the Group's operating entities for manufacturer bonus credits in the period ended 30 June 2019.

Correction of errors - accounting policy misapplication

Correction of errors in relation to misapplication of accounting policies. These consist of the following adjustments:

Period ended 30 June 2019 / Adjustment #	1	2	3	Total
Impact on profit before tax - £m	-	0.3	(0.1)	0.2

1 - Adjustments to correctly recognise ring-fenced cash and associated financial liabilities, adjustments to disclose cash and overdrafts gross of any offsetting and adjustments to impair unamortised debt issue costs in the period ended 30 June 2019

2 - Adjustments to correct the accounting entries made within the Group's leasing business units including adjustments to recognise revenue and cost of sales in addition to the recognition of increased depreciation and lease interest charges. These reductions in revenue and cost of sales are to reverse the previous treatment of these as sales which was incorrect because control was retained. Balance sheet adjustments relate to the reclassification of inventories to property, plant and equipment and the recognition of lease buy-back creditors and deferred income

3 - Adjustments to correct the accounting entries made within the Group's motor trading business units with regards to company staff car schemes. This has resulted in adjustments to revenue and cost of sales in addition to balance sheet adjustment for inventories, trade and other receivables and trade and other payables. These reductions in revenue and cost of sales are to reverse the previous treatment of these as sales which was incorrect because control was retained

Correction of errors - control weaknesses

Correction of errors in relation to failures in internal control and processing. These consist of the following adjustments:

Period ended 30 June 2019 / Adjustment #	4	5	6	7	Total
Impact on profit before tax - £m	(0.4)	(0.6)	(2.5)	(1.3)	(4.8)

4 - Adjustments in relation to corrective accounting entries to property plant and equipment, goodwill and intangible assets which principally affects net operating expenses and associated balance sheet cost and accumulated depreciation and impairment totals

5 - Adjustments in relation to corrective measures for the recognition of manufacturer bonus income in cost of sales and motor vehicle trade debtors

6 - Adjustments in relation to corrective measures across the head office accounting function which has resulted in corrections to a number of trade and other receivable and trade and other payable balances in relation to cut-off errors and recharge accounting which have affected net operating expenses

7 - Adjustments in relation to corrective measures across the divisional accounting functions which has resulted in corrections to a number of trade and other receivable and trade and other payable balances in relation to cut-off errors and recharge accounting which have affected net operating expenses

Consolidated statement of financial position

Correction of errors - fictitious transactions

Correction of error totalling £2.7m in relation to the fictitious entries created in one of the Group's operating entities for manufacturer bonus credits.

Correction of errors - accounting policy misapplication

Correction of errors in relation to misapplication of accounting policies. These consist of the following adjustments:

30 June 2019 / Adjustment #	1	2	3	Total
Impact on non-current assets	-	70.2	-	70.2
Impact on current assets	95.5	(59.1)	(9.5)	26.9
Impact on current liabilities	95.9	5.6	(9.1)	92.4
Impact on non-current liabilities	(1.1)	5.8	-	4.7

1 - Adjustments to correctly recognise ring-fenced cash and associated financial liabilities, adjustments to disclose cash and overdrafts gross of any offsetting and adjustments to impair unamortised debt issue costs in the period ended 30 June 2019

2 - Adjustments to correct the accounting entries made within the Group's leasing business units including adjustments to recognise revenue and cost of sales in addition to the recognition of increased depreciation and lease interest charges. These reductions in revenue and cost of sales are to reverse the previous treatment of these as sales which was incorrect because control was retained. Balance sheet

adjustments relate to the reclassification of inventories to property, plant and equipment and the recognition of lease buy-back creditors and deferred income

3 - Adjustments to correct the accounting entries made within the Group's motor trading business units with regards to company staff car schemes. This has resulted in adjustments to revenue and cost of sales in addition to balance sheet adjustment for inventories, trade and other receivables and trade and other payables. These reductions in revenue and cost of sales are to reverse the previous treatment of these as sales which was incorrect because control was retained.

Correction of errors - control weaknesses

Correction of errors in relation to failures in internal control and processing. These consist of the following adjustments:

30 June 2019 / Adjustment #	4	5	6	7	Total
Impact on non-current assets	(9.1)	-	3.1	-	(6.0)
Impact on current assets	(0.8)	(1.8)	(7.9)	(5.9)	(16.4)
Impact on current liabilities	(5.3)	0.6	4.5	(0.7)	(0.9)
Impact on non-current liabilities	-	-	-	(4.2)	(4.2)

4 – Adjustments in relation to corrective accounting entries to property plant and equipment, goodwill and intangible assets which principally effects net operating expenses and associated balance sheet cost and accumulated depreciation and impairment totals

5 - Adjustments in relation to corrective measures for the recognition of manufacturer bonus income in cost of sales and motor vehicle trade debtors

6 - Adjustments in relation to corrective measures across the head office accounting function which has resulted in corrections to a number of trade and other receivable and trade and other payable balances in relation to cut-off errors and recharge accounting which have affected net operating expenses

7 - Adjustments in relation to corrective measures across the divisional accounting functions which has resulted in corrections to a number of trade and other receivable and trade and other payable balances in relation to cut-off errors and recharge accounting which have affected net operating expenses

Condensed consolidated statement of cash flows

With the exception of the omitted bank accounts referred to above, the impact of the adjustments does not affect the net movement in cash and cash equivalents for 2019. However, by adjusting for the restatements above, there have been a number of reclassifications of items between Operating, Financing and Investing cash flows. These are primarily attributed to the correction of accounting policies applied to the Group's vehicle leasing companies. As detailed above, the Group previously treated these transactions as sales which was incorrect because control was retained. As a consequence, the cash flow statement previously treated such transactions as operating cash flows. In restating the cash flow statement for the revised policy, this primarily results in:

- an increase in investing outflows of to reflect the purchase of £86.2m rental fleet assets; and
- an increase in financing inflows of £72.7m and outflows of £79.3m to reflect the financial liabilities arising in connection with the financing of the vehicle leasing arrangements.

19. Interim statement

Copies of this report and the last Annual Report and Accounts are available from the Company Secretary at the registered office of the company at Lookers House, 3 Etchells Road, West Timperley, Altrincham, WA14 5XS and can be viewed via the Group's website at www.lookersplc.com. Copies of this report have also been submitted to the UK Listing Authority and will shortly be available at the UK Listing Authority's Document Viewing Facility at 25 North Colonnade, Canary Wharf, London E14 5HS (Telephone +44 (0) 207 066 1000).

Directors' Responsibility Statement

We confirm that to the best of our knowledge

- The interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'
- The interim financial statements include a fair review of the information required by DTR 4.2.7R (identification of important events during the first six months and their impact on the condensed set of financial statements and description of principal risks and uncertainties for the remaining six months of the year)
- The interim financial statements include a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and charges therein).

By order of the Board

Mark Raban

Chief Executive Officer

29 January 2021

Glossary of terms

Introduction

In the reporting of the financial statements, the Directors have adopted various Alternative Performance Measures (APMs) of financial performance, position or cash flows other than those defined or specified under International Financial Reporting Standards (IFRS). These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry. APMs should be considered in addition to IFRS measures and are not intended to be a substitute for IFRS measurements.

Purpose

The Directors believe that these APMs provide additional useful information on the underlying performance and position of the Group.

APMs are also used to enhance the comparability of information between reporting periods by adjusting for irregularity factors which affect IFRS measures, to aid the user in understanding the Group's performance.

Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes. The key APMs that the Group has focused on this period are as follows:

Performance measure	Definition	Why we measure it
Like-for-like (LFL)	These are calculated where dealerships have contributed twelve months of revenue and profit contribution in both the current and comparative periods presented.	To provide a consistent overview of comparative trading performance
Gross profit margin	Gross profit as a percentage of revenue.	A measure of the significant revenue channels' operational performance
Non-underlying items	Relate to costs or incomes which are not incurred in the normal course of business or due to their size, nature and irregularity are not included in	A key metric of the Group's non-underlying business performance.

Underlying operating profit	the assessment of financial performance in order to reflect management's view of the core-trading performance of the Group. Operating profit before the impact of non-underlying items as defined above.	A key metric of the Group's underlying business performance.
Underlying profit before tax	Profit before tax before the impact of non-underlying items as defined above.	A key metric of the Group's underlying business performance
Profit after tax	Profit after tax before the impact of non-underlying items as defined above.	A key metric of the Group's underlying business performance
Underlying earnings per share (EPS)	Earnings per share before the impact of non-underlying items as defined above.	A key metric of the Group's underlying business performance
Net debt	Bank loans and overdrafts less cash and cash equivalents. Lease liabilities and stocking loans are not included in net debt.	A measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength
Property portfolio	The net book value of freehold and leasehold properties as at the balance sheet date.	A key metric of the Group's statement of financial position
New car unit sale	A new vehicle sale which has generated revenue for the Group.	A measure of statistical volumes and indicator of operational performance
Used car unit sale	Any vehicle sold that isn't a new car unit sale.	A measure of statistical volumes and indicator of operational performance
Car parc	The approximate number of vehicles on the UK road network.	A measure of the UK market size and indicator for growth opportunities
New car market	Total number of annual new vehicle unit registrations made in the UK as defined by the Society of Motor Manufacturers and Traders (SMMT).	A measure of the UK market size and indicator for growth opportunities
New car market share	The Group's annual share of the new car market calculated as a percentage of the Group's new car unit sales to the new car market size.	Our relative performance against the UK market