Transformation delivering significant growth

MOTORPOINT

Motorpoint Group Plc
Annual Report and Accounts 2022

About us

Car buying made easy

Motorpoint is the UK's leading omnichannel retailer of 0-4 year nearly new vehicles driven under 30,000 miles.

Making car buying easy has been our Purpose for over 20 years. It's the reason why we have such a rich history of adapting to the needs of our customers and continually innovating to deliver the best car buying experience possible.

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

This is why we believe so strongly in giving our customers unrivalled Choice, Value, Service, and Quality, and why we continue to be trusted to be the Car Buyer's Champion.

2022 highlights

£1,322m record turnover

£625m online revenues

97.7k vehicles sold

60% units sold online

£1,446 gross profit per retail unit

3.1% market share (0–4 year old car market)[1]

#1 best company to work for in the automotive sector[2]

84 net promoter score ('NPS')

Revenue

£1,322.3m

2022	£1,322.3m
2021	£721.4m

Gross Margin

8.0%

2022	8.0%
2021	8.7%

Profit Before Taxation ('PBT')

£21.5m

2022	£21.5m
2021	£9.7m

Basic Earnings Per Share ('EPS')

18.7p

2022	18.7p
2021	8.4p

Return on Capital Employed ('ROCE')

74.6%

2022	74.6%
2021	52.7%

Sell your car
buying cars direct from consumers, successfully launched in July 2021

#49 Best Large Company to Work For in the UK
our eighth consecutive year in "The UK's 100 Best Companies To Work For"

Average time to prepare a car
improved to 8.2 days for 0-3 year old cars (9.7 days in FY21); improved to 11.4 days for 3+ year old cars (12.4 days in FY21)

Stock turn
improved to 54 days in stock (67 days in FY21)

Finance penetration
improved to 52% (42% in FY21), and APR rate lowered again to 8.9% (from 9.9% in FY21)

More branches
Manchester, Maidstone and Portsmouth branches opened (making 17 in total)

Note: FY21 performance and liquidity were impacted by forced branch closures and the challenging economic uncertainty caused by the COVID-19 pandemic.
1. based on data produced by the Society of Motor Manufacturers and Traders ('SMMT')
2. as per the results from The UK's Best 100 Companies To Work For

Contents

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

At a glance

The UK's leading independent omnichannel vehicle retailer

Our purpose

Our Purpose is to make car buying easy.

We're here to help our customers buy the car they want, in the way they want.

Our vision

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

People powered

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

Read more / pages 47–52

Omnichannel and customer centric

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

Read more / page 4

Our medium term strategy is to grow revenue to more than £2bn

Rapidly upscaling our E-commerce capability

Substantial increase in technology, data and marketing investment.

Increase customer acquisition and retention

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

Expand wholesale and E-commerce channels

Expanding our E-commerce Auction4Cars.com platform to grow and accommodate new supply channels.

Operational efficiency through technology and innovation

Further automation and technology investment as sales migrate to E-commerce channels.

Underpinned by a commitment to:

OUR STAKEHOLDERS

Read more / pages 32–34

OUR PEOPLE AND CULTURE

Read more / pages 47–52

OUR COMMUNITIES AND THE ENVIRONMENT

Read more / pages 35–52

GOVERNANCE

Read more / pages 67–104

RISK MANAGEMENT

Read more / page 58–65

Investment case

What makes us different

Our omnichannel approach gives customers the choice of buying cars through our branch network or online.

1. 20+ years of customer insight and innovation
2. Only nearly new cars – under four years / 30,000 miles
3. Always low prices delivering great value
4. Multiple revenue streams – Motorpoint, Auction4Cars.com, ancillary services and finance
5. Nationwide branch network
6. Buy cars direct from customers

Digital transformation providing opportunities for growth

- Relentless focus on E-commerce
- Increasing shift to online provides operating model opportunities
- Website improvements boosting traffic
- Expansion of Auction4Cars.com
- Significant investments in technology and marketing
- Expand digitally led car buying service

Our business and our market

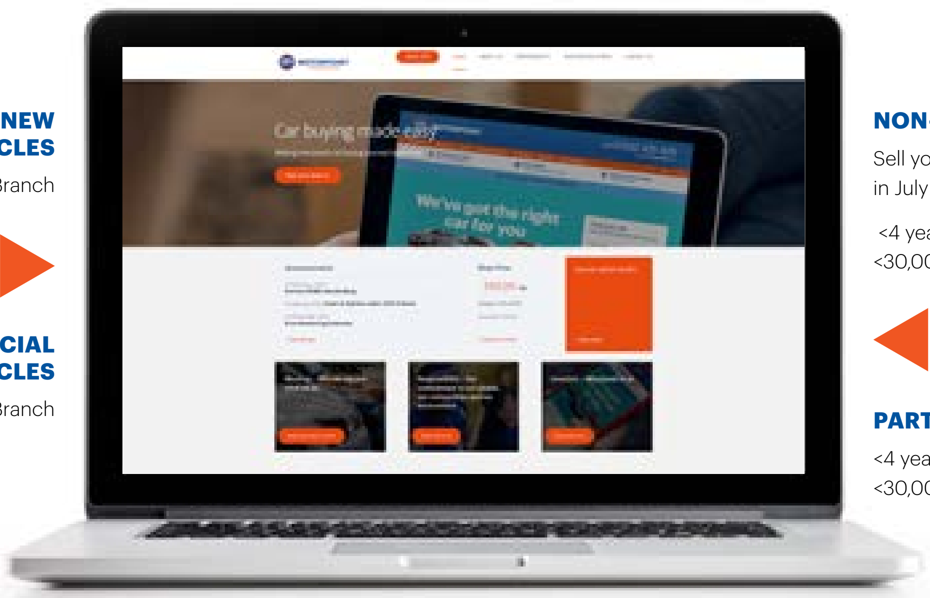
A group focused on growth...

Motorpoint is the UK's leading omnichannel vehicle retailer.

Our retail offer of nearly new cars that are under four years old or have completed less that 30,000 miles provides customers with an omnichannel purchasing journey combining online with 17 retail branches nationwide. We also offer a large range of commercial vehicles under the Motorpoint brand.

NEARLY NEW CONSUMER VEHICLES
Online + In Branch

LIGHT COMMERCIAL VEHICLES
Online + In Branch



NON-PART EXCHANGE
Sell your car service launched in July 2021

<4 years
<30,000 miles

PART EXCHANGE
<4 years
<30,000 miles

Consumer omnichannel

20+ years as a leading player in the nearly new market

#1 Value retailer

84 NPS

...through two distinct brands

Platform successfully upgraded to operate as an automated marketplace to third party vendors.

Auction4Cars.com, a business to business entirely online auction marketplace platform, allows an efficient and quick route for sale of part exchange vehicles which do not fall into our nearly new retail criteria. The business benefits from over 9,000 registered trade users.

NON-PART EXCHANGE
>4 years
>30,000 miles

PART EXCHANGE
>4 years
>30,000 miles

WHOLESALE VEHICLES
Online only

Wholesale vehicles online only

>9,000 Customers and growing

Lowest online buyers' fees from £30

Low cost base

The Car Buyer's Champion

Our talented and engaged team are focused on making Car Buying Made Easy for our customers and ensuring we achieve our vision

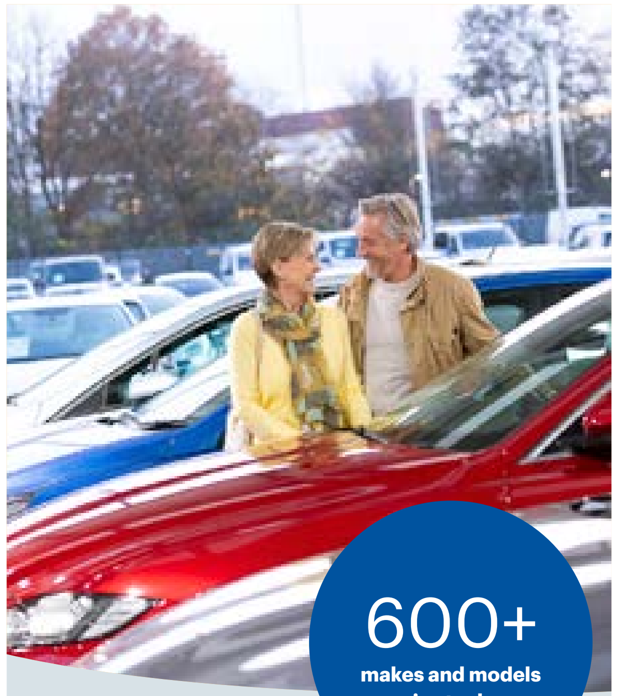
Motorpoint has consistently had more underpriced stock than the marketplace since June 2021."

Autotrader Report May 2022

Our People

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

Read more / **pages 47–52**



600+
makes and models in stock

Choice

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

97%
of vehicles listed as below market price average on Autotrader

Value

Being the biggest allows us to secure the best stock at competitive prices when we source stock and we pass those savings on to our customers. Efficient new branch capital investment and no requirement to pay for goodwill helps manage the overhead base.

6,590
vehicles home delivered

Service

100% stock mobility across the UK between any of our branches means we are able to provide convenience led initiatives, such as Same Day Driveaway, free Home Delivery, Contactless Collections and a range of financing and ancillary products. Part exchanges are competitively priced and provided and disposed through Auction4Cars.com.

84
Net Promoter Score

Quality

Motorpoint Quality Standard sits at the core of our operations, ensuring we deliver the highest levels of quality of product and service along the entire customer journey. In October we launched the QC app to drive improvements in cosmetic and mechanical issues which reduced from 7% to 3%.

Our customers' journey

We make car buying easy by being online and in branch

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

In branch

Online

Easy to find

In branch:
Branch locations
Customer agents within branches

Online:
Comprehensive online search engine; improved listings and search

Easy to view

In branch:
Diverse and vast range of stock to browse and test drive

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

Easy to buy/sell your car

In branch:
Enthusiastic team to help customer through the sales process

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

Easy to collect

Same day driveaway
Home delivery
Reserve and collect
Buy Online, collect in branch
Handover done in less than 30 mins

Easy to contact

Quality, service and fulfilment support both online and at branch

Benefits

- Extensive Choice
- Great Value – Motorpoint Price Pledge
- Competitive Part exchange Prices
- Flexible Finance Options
- Launched our car buying service in FY22
- Payment made within minutes of deal being agreed
- Award Winning Service
- 14-day money back guarantee
- High quality and standards guaranteed

Market overview

We experienced significant demand following the lockdown last Spring

Supply was then curtailed following the well publicised chip shortage impacting new cars and commercial vans. Unprecedented inflation in used car prices in the year. Our branches remained open from April, despite the COVID-19 pandemic.

97.7k vehicles sold, inc 34.8k via Auction4Cars.com platform

Revenues

£1,322.3m

2022	£1,322.3m
2021	£721.4m

Market share (0-4 year old vehicles)

3.1%

2022	3.1%
2021	2.4%

Car market

Motorpoint's core proposition remains the sale of nearly new cars and commercial vans which are up to four years old and have covered fewer than 30,000 miles. We monitor available market statistics, notably from the SMMT, which give us transaction volumes for target market cars but do not include recorded mileage. We therefore use the transaction volumes alone as a proxy for our available market. The used car market was influenced by the knock on effect of the chip shortages limiting new car production, and resultant unprecedented inflation. The market increased in FY22, given the national lockdowns the previous year, despite the impact of chip shortages.

Consumer confidence

Branch closures during the lockdowns in FY21 negatively impacted car buying activity, although we did experience significant uplift in online revenue and home delivered vehicles. Following the easing of restrictions in April 2021, we experienced record sales, as confidence improved. Whilst the shift to digital channels will continue, the majority of our customers still wanted to visit branches to complete their car buying experience. Despite the slowdown in supply, demand remained strong as we continued to increase our market share. Looking forward, the impact of rising cost inflation and worldwide vehicle supply challenges is likely to affect our markets, but it is difficult to assess the impact in the short term, which is further exacerbated by the situation in Ukraine. However, rising inflation is likely to place further pressure on discretionary spending power and consumer sentiment. In this uncertain environment, Motorpoint will continue to invest in revenue and market share growth, in strategic future capabilities and in providing an exceptional omnichannel customer experience.

Motorpoint exceeded our expectations with the delivery of our incredibly low mileage Honda Jazz. The sale was conducted in a professional manner. Delivery to our home was in the promised time window. The delivery driver kept in touch with us by phone in the run up to arrival and ensured a smooth, pleasant handover with clear explanation of all essentials. Thanks for your excellent service."

Customer testimonial

6,590 cars delivered directly to customer homes

How we create value

Agility, culture, efficiency

Our strength lies in our ability to be agile and responsive, in our people and our culture, and in our constant focus on improving operational efficiencies across our digital platforms and retail network.

Key strengths and resources

New branches and growth opportunity
We can open wherever we see a market opportunity; speed and scale are in our control. We can choose to buy an existing dealer, or develop an entirely new operation, avoiding the need for goodwill payments.

Breadth of stock
On average 38 brands are available on site or online, spanning all of the leading makes and models, sourced from multiple channels. All stock is available nationally.

Retail product offer
Our retail proposition continues to be 100% on nearly new cars and commercial vans; our product offering is supported by providing finance packages to our customers through our finance partners as well as offering warranty, insurance and paint protection products.

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

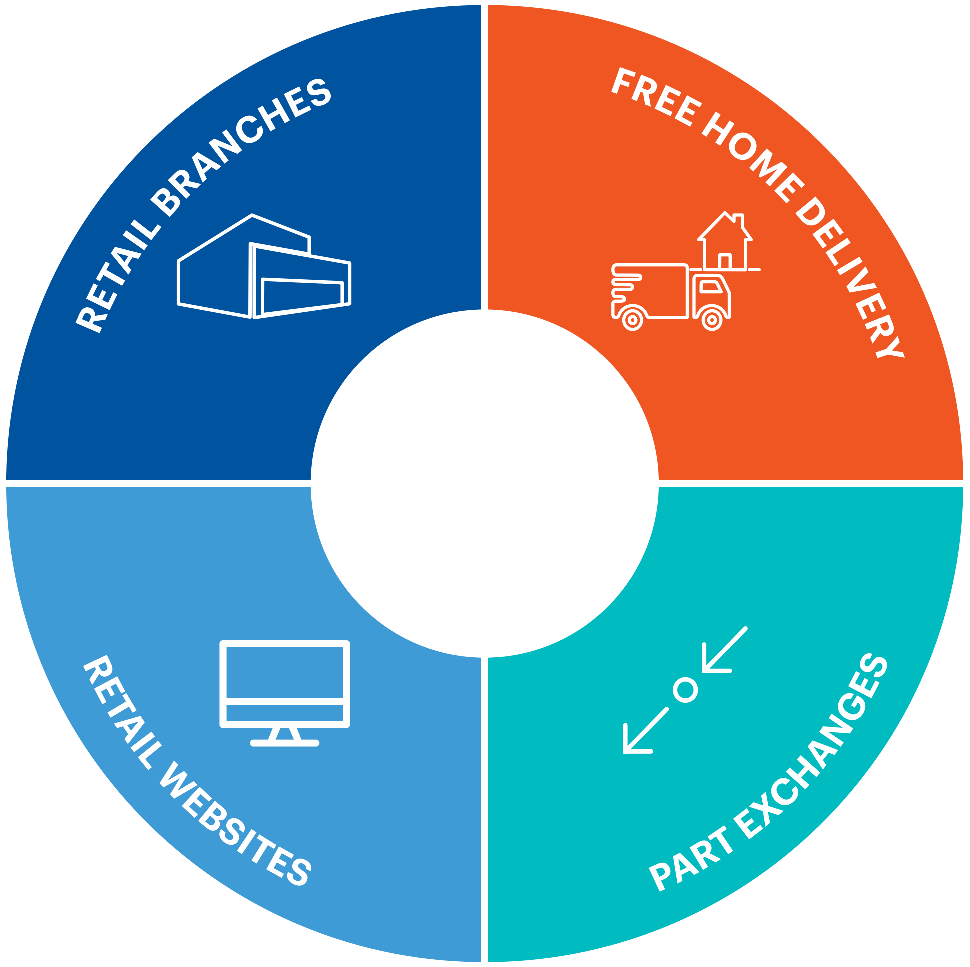
Financing
We are free to negotiate for the most competitive terms on the external market.

Car buying
In July 2021 we launched our service to purchase cars direct from consumers. Depending on their age, cars can either be sold through Motorpoint (thus providing a further supply chain route), or via the Auction4Cars.com platform.

How we create value

RETAIL BRANCHES
Our retail branches offer sales, light vehicle preparation and a large display area. All branches offer café and lounge facilities to enhance our customers' experience and comfort. Locations are generally positioned for ease of access and located within close proximity of a large population. Our paperless and contactless purchase process allows customers the option to complete their vehicle purchase in branch or online, visit our branch to collect their vehicle, and drive away in under 30 minutes.

FREE HOME DELIVERY
Our customers can choose a vehicle, arrange finance, purchase and have it delivered to them, without having to leave their home. We successfully fully launched in May 2020, and it continues to be popular with customers, despite the lockdown restrictions being lifted.



RETAIL WEBSITES
We constantly innovate to deliver outstanding customer service and we have a free nationwide Home Delivery service with a 14-day money back guarantee to all retail customers. Our website allows us to maintain a convenient and trusted user experience as customer preferences evolve.

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

PART EXCHANGES
Motorpoint sells vehicles with less than 30,000 miles, and less than four years old, to retail customers. Any vehicle in excess of this mileage purchased from a customer as part exchange is sold through our wholesale E-commerce platform Auction4Cars.com.

This platform provides invaluable live data on the latest valuation of vehicles sold through Auction4Cars.com and allows us to offer the best price to our customers for their part exchange.

Underpinned by our values

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

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

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

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

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

Chair's statement

Motorpoint is on an exciting, transformational journey

I am delighted to have been given the opportunity to join the Board of Motorpoint as Chair, a role which commenced on 10 January 2022.

£1,322m
Total revenues (up 83% from FY21)

£625m
Online revenues (up 43% from FY21)

It is clear that Motorpoint is embarking on an exciting, transformational journey, and I am proud to be a part of the next phase of growth. I would like to take this opportunity to thank the former Chair, Mark Morris, for his work with the Board and Motorpoint from 2011 to 2022, successfully leading the Group through its IPO in 2016 and helping to establish it as the UK's leading independent omnichannel vehicle retailer.

Introduction

During my first few months as Chair, I have spent time with fellow Board members and the Senior Leadership Team, immersing myself in the Head Office and across the branch network, as well as the UK used car industry more generally. I have been incredibly impressed by what I have seen so far. There is no doubt that Motorpoint is a responsible, well operated and profitable business, with unparalleled expertise in the UK's used car market. These are important assets in the current environment and provide solid foundations to support our emerging plans for long term growth.

Ambition, opportunity and execution

It was Motorpoint's ambition and the scale of the market opportunity that initially attracted me to the business. The Group has seen significant changes to car buying expectations as consumers increasingly embrace digital content but expect to be able to pick and choose services from among both digital and physical options. The used car retail market has also changed significantly with the arrival of aggressive, well funded 'pure play' E-commerce competitors coupled with many legacy dealers that may resist necessary change. We are excited by the opportunity to lead as the market's largest omnichannel used car retailer and believe we are well positioned for success.

Motorpoint is well positioned to deliver significant shareholder value in the long term."

John Walden
Chair

The Group outlined a number of medium term strategic objectives in its FY21 Final Results which included, among other things, to achieve £1bn in online revenue, generate more than £2bn in total revenue and open 12 new branches offering sales, customer service and collection. I have been pleased to see the progress made on these objectives just one year on, with the Group growing overall revenue by 83% to £1.32bn, and E-commerce revenue by 43% to £625m whilst also opening three new branches in strategically significant regions.

Motorpoint's medium term objectives remain a focus, as it embraces the amount and pace of transformational change required for it to seize its growth opportunity in the medium term and beyond. For example it will continue developing new strategic capabilities across the business, and in particular in technology and marketing. The Group has invested significantly in these areas during FY22, recruiting a number of new leaders including a Chief Digital Officer and a technology Board advisor.

The Group has also sought out commercial partners who, along with myself and other Board members, have previous experience in leading digital and transformational change which will lend itself to Motorpoint's transition to a digitally led business. Embracing technology is essential for the future of the business, and will help us redefine and evolve our exceptional customer experience and leading value proposition for a digital age.

A responsibly minded business

Motorpoint has made great strides in progressing its ESG strategy, propelling the Group towards being a more responsible business. The recently established ESG Board Committee, and appointment of a third party advisor who has consulted with us on how to measure and maximise our emission reductions, reinforces our commitment to operating in a sustainable manner.

We're proud that we are now carbon neutral on our Scope 1 and 2 emissions and are focused on driving further improvements across the business. The Group looks forward to providing regular progress updates.

Value creation

I would like to thank all of my new colleagues at Motorpoint, at our Head Office and across the branch network, for their continued hard work and commitment. Whilst the current macroeconomic environment and related pressures facing UK consumers are obvious, I am excited by the opportunity in front of us and confident that Motorpoint is well positioned to deliver significant shareholder value in the long term.

John Walden
Chair
15 June 2022

COVID-19 update

Reassessing the way we operate

Following the lifting of lockdown in April 2021, our branches were able to remain open for the remainder of the year. However, the pandemic has continued to affect both our employees and customers in a number of ways, and has meant behavioural changes for many.

During the periods of closure in FY21 we had to adapt quickly to a whole range of challenges, whether it be working from home, accelerating our digital capability so all customers could buy online with ease, or launching free Home Delivery. Many of the changes and learnings have been retained, since they combine to make our business stronger.

Although our branches were able to successfully open in April 2021, it was not necessarily the same in the office, and for many, home working continued. Ensuring employee welfare continued to be a vitally important theme therefore.

During the financial year, the Board agreed to repay CJRS income of £81k; this was the amount claimed in early April before branches reopened, and therefore related to FY22.

Continuing to respond with agility and meeting demand online

Record NPS score of 84 in FY22

Many of the innovations introduced during the lockdown periods have continued in FY22, to supplement our omnichannel offering:

- Retail customers continue to be able to purchase via our call centre and digital channels; the number of customers who require no support or intervention to purchase a car has increased
- 6,590 vehicles were prepared, sold and delivered to customers' homes, free of charge
- For many customers who still wanted to view their car before completing their purchase, we continue to offer a streamlined, contactless Reserve and Collect option
- Robust commitment to safety, with strict COVID-19 compliant procedures in place for the majority of the year including social distancing measures, compulsory face covering in retail branches, and thorough cleaning, sanitisation of all surfaces and vehicles.

Taking care of our people

Best company to work for in the automotive sector

Employee support and wellbeing was a key objective during the pandemic, both in FY21 and FY22, since this represented a major challenge to the Company's culture. Therefore, the Board endorsed the following:

- Continued remote and agile working
- Contributions towards the cost of working from home, for all eligible employees
- Monetary gifts at Christmas to compensate for lack of usual parties
- Encouraged an extensive programme of employee engagement, with a strong focus on wellbeing
- Implementation of a COVID-19 secure working environment across offices and retail branches.

Chief Executive's statement

Strategic investments to continue to grow market share

During a year of much change in our sector our omnichannel proposition has continued to excel, providing customers with our winning proposition of unrivalled Choice, Value, Service and Quality.

84
Net Promoter Score

In a year we have stocked over
600
models

3.1%
market share (0-4 year old car market)

Overview

We continue to offer our customers every possible way of buying a vehicle to ensure everyone can access our outstanding price leadership proposition. In addition, during the year we successfully launched our car buying service to increase our supply channels as new car supply continues to remain subdued.

I am especially pleased with our achievements in the year. We have successfully navigated unprecedented vehicle inflation and widely documented supply shortages. These shortages undoubtedly limited our growth, yet we still managed to deliver revenue and profit before taxation growth of 83% and 122% respectively, and our retail unit volumes grew by 46% on FY21. We also continued to grow our market share, to 3.1% of the 0-4 year old market (FY21: 2.4%).

Strong progress has been made on our medium term strategic targets, with three new branches opened successfully in the second half of FY22, namely Manchester, Maidstone and Portsmouth, in addition to our new preparation centre in Motherwell, Scotland.

In line with our objective to leverage E-commerce platforms to expand our supply channels, the Motorpoint car buying service is now a fully automated digital first offering and payments are made to sellers within minutes of the vehicle being received. Our Auction4Cars.com trading platform has also now been successfully upgraded to operate as an automated marketplace to include third party vendors. This is being fully launched to further new vendors in FY23 and will enable them to auction their own vehicles digitally.

We're the UK's leading omnichannel vehicle retailer, investing now for future strategic growth."

Mark Carpenter
Chief Executive Officer

The right culture to succeed

Execution of these strategic objectives provides further evidence of Motorpoint's agility and entrepreneurialism to design, test and implement new initiatives at pace as market opportunities arise. Motorpoint is leveraging its exceptional industry knowledge to continue increasing its market share across all channels, accelerated by investment in digital transformation.

Our ambitions for the business are growing and we see substantial shareholder value creation and therefore we are increasing our investment levels further in both our customer proposition and our investment in technology and building our brand. We are more convinced than ever that our price leadership, strong customer satisfaction and highly engaged team are winning in an increasingly competitive market.

Our operating model begins with our team

The last two years or so has been unprecedented, and our team has been exemplary in their commitment to the business throughout these difficult times. Our team continues to inspire me and I am grateful for their passion, energy and enthusiasm for our brand.

Our operating model of how our key stakeholders interact is well understood by our team and is covered in detail, usually by myself, with every new starter when they attend our induction programme.

The Motorpoint Virtuous Circle combined with our Values of Proud, Happy, Honest and Supportive continue to provide a robust framework for explaining how we get things done and what factors to consider when decisions are required. Our team also has an opportunity to ask open questions and understand key decisions in their interaction with our Senior Leadership Team, who host Team Forums at each branch, or virtually, every month. Many of the improvement areas in the business are found in these sessions and our team often has a creative solution to issues we are facing whether they be people, customer or operational challenges. We also ensure each member of our team has a one on one meeting with their Manager each month, to ensure pastoral and performance conversations happen regularly, which contributes to our ongoing high levels of employee engagement.

The learning and development of our people is vital to the future success of our business. Our new Learning and Development platform launched last year to the entire Company allows individual learning journeys to be created, logged and reviewed.

We believe that the happiness of our team is directly correlated to our customer satisfaction and engagement can be enhanced by giving something back to the team. Our 'One Big Dream' initiative has been a huge success, with our people using two paid hours per month for their own fulfilment.

We continue to have fantastic examples of our team using this time to follow their dreams, whether it be to attend a class or watch their child in a school production. Since 2017 we have committed to being a Real Living Wage employer and we launched our sixth SAYE scheme in the second half of this year, again offering the opportunity to become a Motorpoint shareholder to our entire team, with strong uptake. Finally, none of our team has had to work on their birthday since 2015, something we believe is a great benefit and is unique in the UK.

Our annual participation in the 'bHeard Best Companies to Work For' provides an opportunity for our team to provide honest, valuable feedback on their engagement levels and how we can improve these further. I am proud that we again achieved Top 100 status in The UK's 100 Best Companies to Work For. This is the eighth consecutive year that we have been placed in the Top 100 and is testament to the hard work of our management team in listening and acting on our people's feedback. We were also Number 1 in the Automotive category.

We have a responsibility to improve diversity and inclusion in our industry. We appointed a Head of Recruitment and Inclusion in December 2020 and have continued to advance our plans during the year.

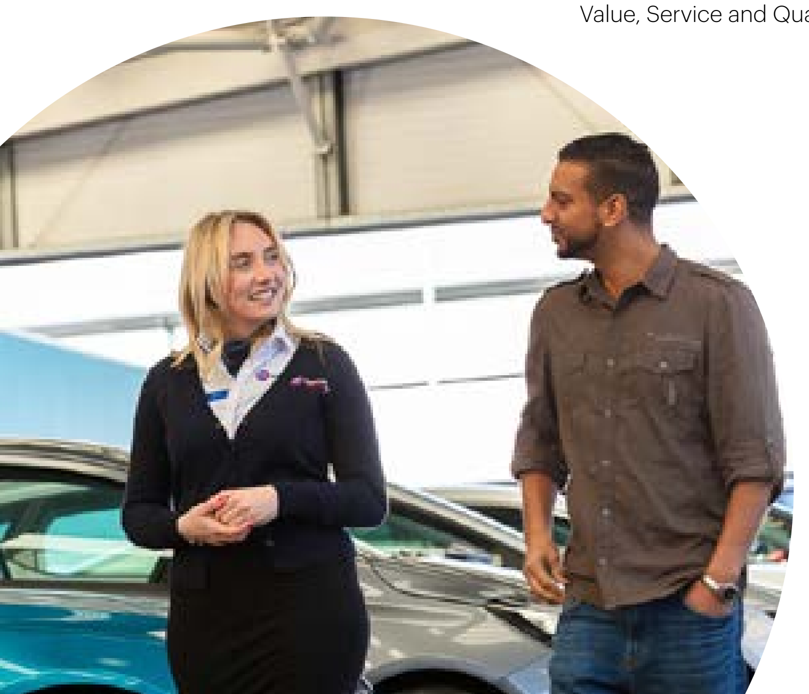
Chief Executive's statement continued

ESG

During the year, the Group made significant progress on its ESG strategy. We recognise that climate change is the most serious challenge currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions. In partnership with an independent third party, a thorough stakeholder engagement process and independent materiality assessment was conducted to ensure we measure and maximise our emission reductions. Through this process, we have been able to understand and then offset through the purchase of carbon credits all our Scope 1 and 2 emissions to be carbon neutral on these aspects. Our priority is to continue to reduce our Scope 1 and 2 emissions, and to focus on Scope 3 emissions.

Motorpoint has always been conscious of its sustainability footprint and has recycled vehicle parts such as tyres, batteries and brake discs for many years wherever possible. We have continued our partnership with Go Green to support our drive to become more efficient with the classification and segregation of our waste, which is reported on page 36. The past year has seen 81% of all business waste recycled, and our total waste to landfill figure dropping below 1%. The next financial year will see us make further improvements to reduce our waste to landfill figure.

The Board is also pleased to announce that its recently established ESG Committee will be chaired by Adele Cooper, an existing Non-Executive Director. Adele's role is in addition to the appointment of a specialist Sustainability Manager, who joined the Group in September 2021, to lead on the process outlined above.



Customers

Our highly engaged team continued to deliver our market leading proposition of Choice, Value, Service and Quality to our loyal customers during the period. We have an unerring focus on customer satisfaction. We take it personally when a customer is not happy, as we have failed if this happens, and immediately look to remedy any dissatisfaction. We want our customers to be delighted. Our Net Promoter Score ('NPS') was a record high 84 in FY22 (H2 FY21: 83).

This level of customer loyalty is recognition of our strategy of delivering unrivalled Choice, Value, Service and Quality:

Choice – our unique independent model allows us to source and sell from the broadest range of suppliers, allowing us to flex our offering to achieve the greatest value for our customers. We also launched our digital car buying service in the year, which is another important supply channel for Motorpoint. In the year we have stocked well over 600 models from 38 manufacturers, and we are able to rapidly follow emerging customer preferences, such as through our increasing proportion of hybrid and electric sales. Our range increased in the period with a greater proportion of prestigious vehicles, as well moving into the greater than three year old car market, where we quickly gained market share.

Value – we are an omnichannel vehicle retailer, predicated on working to a high volume and keeping our cost base low. This allows us to share value with our customers, reinforcing our volume model. We offer all customers finance and ancillary product offerings, where we also champion low prices, illustrated by our decision to again reduce our finance APR rates, from 9.9% to 8.9% in October 2021. For higher value vehicles (over £35,000) our APR rate is 7.9%. Our Value proposition continues to appeal during these uncertain times.

Service – service is what will ultimately set us apart in the market. We measure ourselves primarily using NPS – on this measure we have improved again, with a record score of 84 (H2 FY21: 83). We are delighted with this level of customer satisfaction, but are always striving for more, and constantly challenge our processes to make the buying experience as smooth as possible.

Motorpoint serves all buyers, whatever their location, and whether they wish to buy online, in person at our branches, or through a fluid combination of both channels. Motorpoint has become one of a select number of businesses to be included in the brand new Platinum category in recognition for achieving successive years of Feefo Gold Trusted Service status.

Quality – our strategic vision is to ensure that our omnichannel model delivers the same exceptional experience in any channel with which the customer chooses to interact. Our ambition is to be the most trusted automotive retailer, and this means quality across everything we do, with complete focus on our customers' needs.

Strategy Update

In June 2021, we announced our objectives to significantly increase our rate of growth, with the aim of at least doubling FY20 revenue to over £2bn in the medium term, by:

- Growing our E-commerce revenue to over £1bn by substantially increasing investment in marketing, technology and data
- Opening 12 new sales and collection branches to service revenue growth, increasing investment in the customer proposition, and expanding our supply channels
- Leveraging our E-commerce platform Auction4Cars.com to accommodate new supply channels and to launch our marketplace offering
- Increasing operational efficiency through further automation and technology investment as customers migrate to E-commerce channels.

Overall revenue grew 83.3% from £721.4m to £1,322.3m. Around 60% of transaction volumes were online in FY22 (FY21: 69% which was inflated by branch lockdown closures). E-commerce revenue grew to £624.9m (FY21: £437.1m). Consequently, we are ahead of plan to grow revenue to £2bn.

As planned, we invested heavily in the period in capability, technology and marketing. We are excited by our strong progress one year in, and as a result are accelerating our pace of investment in transformational change. We have completed a third party audit of our tech stack, and a future road map has been developed. A significant number of new technology roles have been recruited, with the focus on engineers and enabling our migration to the cloud. Our new Chief Digital Officer was recruited in February 2022, and we are already seeing the benefits this new experience brings as we execute our shift to become an agile, product led digital leader.

We have made significant improvements to our website, email communications and targeted digital marketing activity. Website traffic improved by 15% compared to the same period a year ago, and improvements have been made in all email metrics, with unsubscribe rates dropping to just 0.1%. We have invested in data science tools and talent and this now supports buying and pricing decisions and targeted customer communications; we are excited by the opportunity this brings.

Three new branches opened successfully in the second half of FY22, namely Manchester, Maidstone and Portsmouth, each strategically significant regions for the Group. Our estate has therefore expanded to 17 branches. The future pipeline remains strong and further openings can be expected in FY23 as we expand our geographical footprint to increase market share.

Good progress against strategic objectives, with strong advancements in technology, branch expansion and resultant market share growth.

Chief Executive's statement continued

Our Motherwell preparation centre, our second dedicated preparation site, opened in August 2021, and has the capacity to prepare 20,000 cars per annum; retail preparation capacity is now in excess of 120,000 units per annum (on a single shift basis) and provides headroom as we grow the business.

In line with our objective to leverage E-commerce platforms to expand our supply channels, the Motorpoint car buying service is now a fully automated digital first offering and payments are made to sellers within minutes of the vehicle being received. This is an area we intend to grow significantly as awareness of our highly competitive offering increases.

During FY22, 17.9% of retail vehicles sold were sourced from consumers (including part exchange) (FY21: 8.3%). Our Auction4Cars.com trading platform has now been successfully upgraded to operate as an automated marketplace to include third party vendors. This will be fully launched to further new vendors in FY23 and will enable them to auction their own vehicles digitally. We are excited by the opportunity this presents and look forward to providing further details in due course.

Motorpoint is an agile business with growing brand awareness, low fixed costs and a compelling operating model that has always offered its customers the best value proposition in the UK used car market. We have always sold cars online, first through a call centre handling online enquiries and now through a fully integrated, end to end digital customer journey. This digital led experience will continue to evolve in accordance with what our customers demand.

Fundamentally, we see this as providing a large choice of high quality vehicles at outstanding value, and with best in class levels of customer service in each market we operate in.

While pursuing these objectives we increasingly appreciate the significant changes to consumer buying expectations and the changes to the marketplace of used car retail. As the largest omnichannel used car retailer, we are excited by the opportunity to lead, but we also embrace the amount and pace of change required at Motorpoint to seize this opportunity.

Mark Carpenter
Chief Executive Officer
15 June 2022

Further information

Our strategy
Read more / **page 24**

Financial review
Read more / **page 54**

Key performance indicators

It's important that we measure our performance

Financial KPIs[1]

PBT (£m)[2]

£21.5m

PBT was £21.5m, up 121.6% on FY21. In FY21, PBT was significantly impacted by the pandemic and Government imposed lockdowns.

2022	£21.5m
2021	£9.7m
2020	£18.8m
2019	£22.2m
2018	£19.9m

EBITDA (£m)[2]

£32.3m

EBITDA increased 76.5%, reflecting revenue growth, and despite accelerated investment in technology and marketing.

2022	£32.3m
2021	£18.3m
2020	£27.3m
2019	£30.1m
2018	£27.3m

Gross profit (£m)[2]

£106.3m

Gross margin was 8.0% (FY21: 8.7%) and it moderated during the year, reflecting the inflation pattern, despite continued improvements in our preparation processes, even as we introduced vehicles over three years old.

2022	£106.3m
2021	£62.5m
2020	£78.9m
2019	£79.9m
2018	£76.4m

ROCE[2]

74.6%

Return on Capital Employed increased to 74.6% in FY22.

2022	74.6%
2021	52.7%
2020	96.5%
2019	96.2%
2018	112.6%

Non-financial KPIs

Net Promoter Score[3]

84

Customer satisfaction has continued to strengthen, with record levels of NPS being maintained.

2022	84
2021	83
2020	81
2019	78
2018	77

Number of branches

17

Three new branches opened in the second half of FY22, taking our total number of branches up to 17, and improving national coverage.

2022	17
2021	14
2020	13
2019	12
2018	12

Digital leads

643k

Given our increased focus on being a digitally led business, we have introduced a new KPI relating to the total number of leads, including part exchange and sell your car. This year saw a total number of leads through digital channels of 643k, representing an increase of 95% on prior year.

2022	643k
2021	330k

1. Definitions of terms can be found in the Glossary on page 148.
2. The KPIs for FY18 and FY19 have been restated following the adoption of IFRS 16 in FY20, with the exception of the ROCE figure for FY18.
3. The 2021 data is based on H2 of that year, which is considered to be a more representative due to lockdowns during the COVID-19 pandemic.

Our strategy

The Car Buyer's Champion

Our strategy remains to grow revenue to more than £2bn in the medium term. This will be delivered by continued focus on our customer, ensuring we meet their needs and demands online while delivering the highest levels of service, quality, and support through our growing nationwide retail network.

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

Rapidly upscaling our E-commerce capability

- New tech roles recruited, with focus on developers and the cloud
- Future roadmap for our tech stack
- Data science solutions delivered enhancing marketing performance and supply and demand insights
- Digital journey improvements including the development of a full end to end purchase journey on our website
- Improved email engagement metrics, such as higher click through and lower unsubscribe rates
- Chief Digital Officer started in February 2022

Increase customer acquisition and retention

- Manchester, Maidstone and Portsmouth open
- Share of voice growth and improved brand awareness
- Salesforce CRM launched along with Marketing Cloud
- Reduced repeat purchasing timelines through new vehicles upgrade communication programmes
- Growth in MyMotorpoint accounts
- Expansion and investment in the van market

Despite the uncertain consumer outlook, the Group's continuing confidence allows it to invest in its future growth strategies across multiple initiatives. The expansion of our technology team dramatically increases our capability to innovate and scale our online platforms with both having huge future growth potential."

Mark Carpenter
Chief Executive Officer

Expand wholesale and E-commerce channels

- Investment in Auction4Cars.com leadership, with industry experience
- Car buying service launched and fully automated post soft launch in July 2021
- Website users up 15% on previous year
- Auction4Cars.com successfully upgraded to operate as an automated digitally led marketplace to include third party vendors

Operational efficiency through technology and innovation

- Motherwell preparation centre open, with 20k vehicle capacity
- New QC app launched to measure preparation efficiency
- Prep time improvement from 9.7 days to 8.2 days per vehicle (0–3 year old cars)
- Automated payments solution launched

How our strategy performed in 2022

1 – UPSCALE E-COMMERCE CAPABILITY

2 – GROW OUR MARKET SHARE

3 – OPERATIONAL EXCELLENCE

Read more about our strategy performance on the following pages / page 26–31

Our strategy continued

Strategy Performance for 2022

1 – UPSCALE E-COMMERCE CAPABILITY

Accelerating our transformation to be a digitally enabled market leader

The operating model for our Digital function is completed, and recruitment of key roles started with the introduction of a Chief Digital Officer, Digital Marketing Director, Principle Product Owner and several supporting roles into the business already completed. Continued migration of externally supported capability into in house teams, providing greater agility and speed of delivery.

The introduction of Salesforce CRM along with Service Cloud and Marketing Cloud has provided the tools for the continual improvement of customer journeys throughout the car buying process.

Improvements to how data is structured throughout the business has enabled us to deliver improved performance reporting, resulting in improvements in the effectiveness of our digital marketing activities to drive sales.

Online retail revenue

£415m

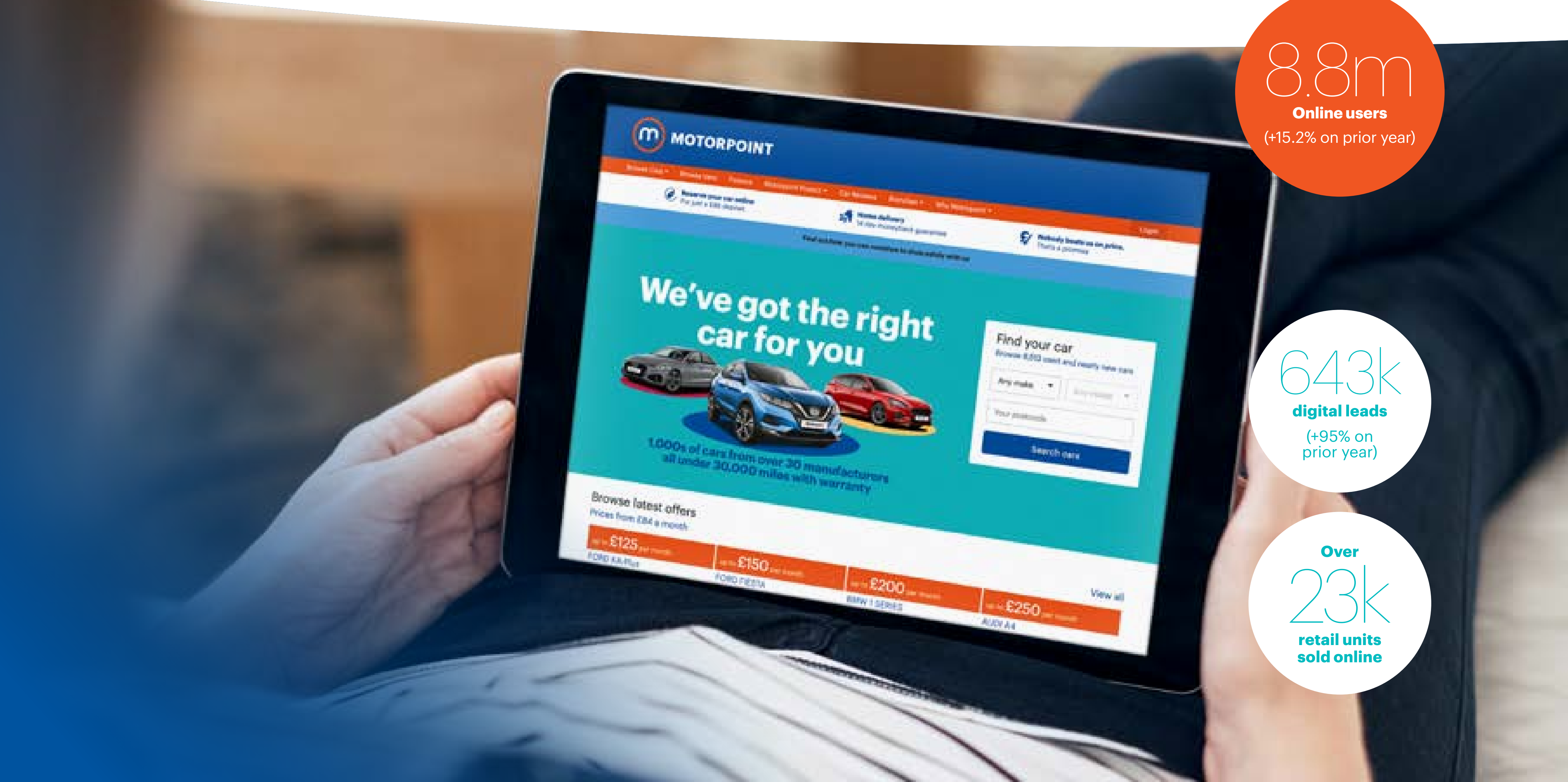
2022	£415m
2021	£310m

Link to strategy

Rapidly upscaling our E-commerce capability

Operational efficiency through technology and innovation

64%
Mobile traffic
(+23% on prior year)



8.8m
Online users
(+15.2% on prior year)

643k
digital leads
(+95% on prior year)

Over
23k
retail units sold online

Motorpoint's advert views are up 218% compared to the marketplace, which is seeing a decrease of 18%."

Autotrader Report
May 2022

Our strategy continued

Strategy Performance for 2022

2 – GROW OUR MARKET SHARE

Online sales through quality and service supported by our increasing network of branches

The branches we opened in FY22 are at smaller locations than those in the legacy estate, and hold fewer vehicles. Less employees are required, and coupled with lower running costs, operating margins can be maximised, along with working capital requirements.

These new branches are perfect for our omnichannel model, since they can act as collection centres and hubs to service free Home Delivery, as well as being more traditional branches in their own right.

At Maidstone we are trialling self service portals, where customers have the choice of ordering their vehicle on a screen, rather than through a salesperson.

17 branches nationwide

Link to strategy

Expand wholesale and E-commerce channels

60 minutes
We have next day free Home Delivery within 60 minutes of a branch

Market share (0-4 year old car market)

3.1%

2022	3.1%
2021	2.4%

Motorpoint is currently bucking the trend for searches, and views and leads."

Autotrader Report
May 2022

Three new stores became fully operational in FY22

Our strategy continued

Strategy Performance for 2022

3 – OPERATIONAL EXCELLENCE

Quality included as an additional 'customer pledge' to Choice, Value and Service

Operational efficiencies

DIGITAL SALES AND SUPPORT TEAM

Sales enquiries received through our website are directed to our dedicated national sales team which handles email, phone and web chat enquiries. The team sell vehicles, finance and ancillary products for collection at a retail branch, arrange transportation if required, value any part exchange vehicle and support our customers through the purchase journey. Customers can now also purchase directly from our website without communicating with our sales teams. In the event a customer requires support, a dedicated digital support team provides guidance for our customers to ensure a smooth transaction.

GENERATING OUTSTANDING CUSTOMER VALUE FROM A LOW COST BASE

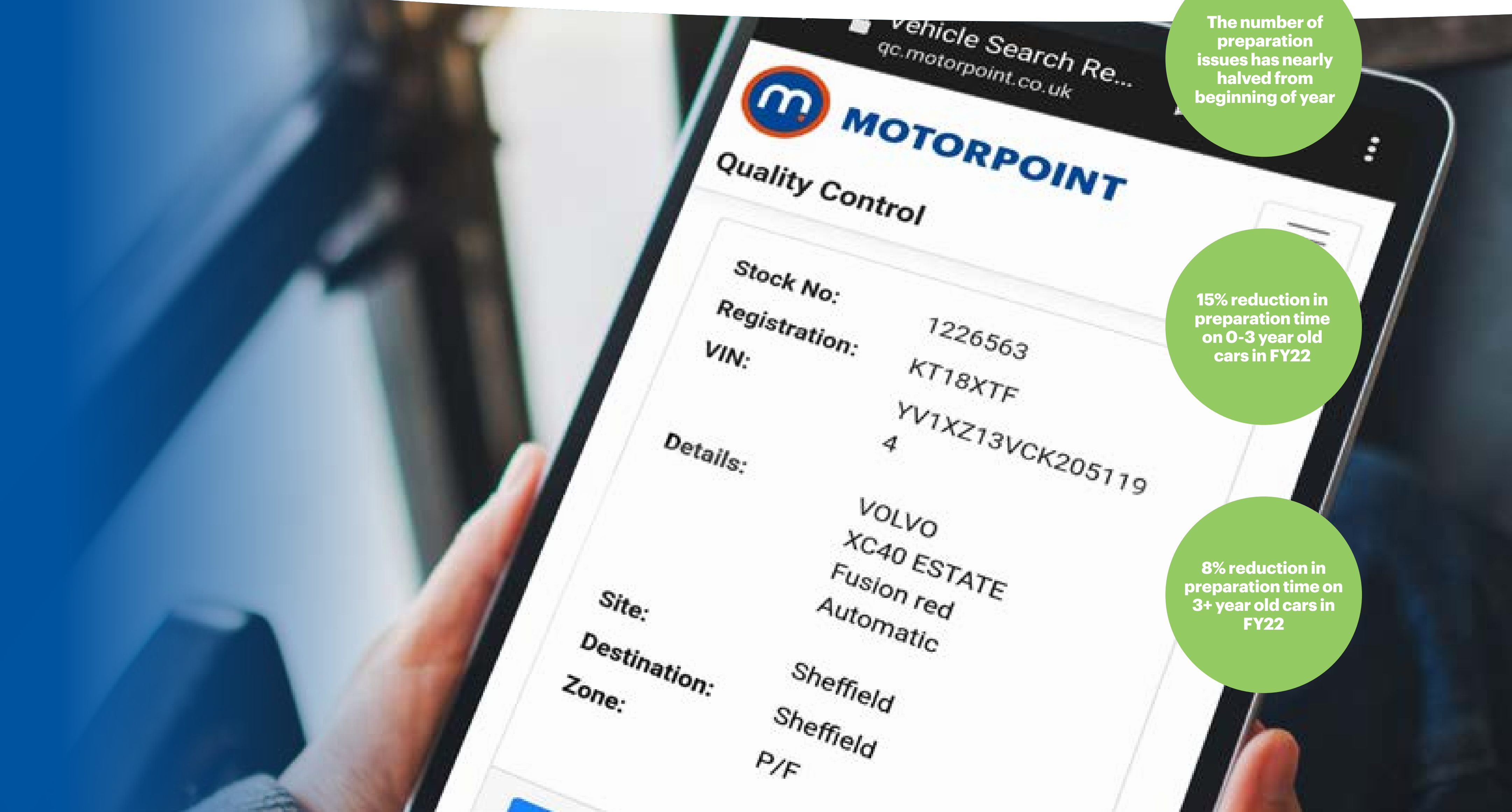
We are a low cost, high volume business focused on generating efficient returns through the efficient deployment of capital resources. Through a cost effective branch opening and low operating cost base and a relentless drive on stock turn, management has been able to generate strong, recurring levels of return on capital employed.

- Right first time is an aspirational KPI metric and required the creation and adoption of a new QC app and reporting. Rework is costly and wastes resource, impacting output
- The Motorpoint Standard was also reviewed and updated and communicated throughout the organisation
- QC app was launched in early October 2021 and has delivered step change performance
- Nine of our ten preparation centres have upgraded image booths and new turntable technology (video and open doors)
- Quality control software was introduced at the same time and recruitment of direct labour 'booth operators' to replace contractor resources
- Consolidation of 29 national third party contractors to three primary partners is nearing completion and single valet and repair contractor initiative is on plan
- Preparation issues within 72 hours of collection have been monitored for more than 12 months
- Restructuring the technology function, including the adoption of new/different skill sets – setting ourselves up for success.

Link to strategy

Operational efficiency through technology and innovation

And this has delivered results



The number of preparation issues has nearly halved from beginning of year

15% reduction in preparation time on 0-3 year old cars in FY22

8% reduction in preparation time on 3+ year old cars in FY22

Section 172 statement

Our stakeholders at the heart of our model

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

Board decision making will always encompass:

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

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

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

This section 172 statement signposts some of the key ways in which we have engaged with stakeholders across the year ended 31 March 2022 and built confidence in the sustainability of their relationship with the Group. It should be read in conjunction with:

- the Chief Executive's statement from page 18 to page 22
- the Chair's statement on page 14 and page 70
- the ESG report from page 35 to page 53
- the Risk landscape from page 58 to page 65
- the Chief Financial Officer's review from page 54 to page 57
- the Governance and related reports from page 67 to page 104

Engaging with our stakeholders

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

Stakeholder	Why we engage	How we engage	Outcomes and how feedback reaches the Board
Our people	We have an experienced, diverse and dedicated workforce which we recognise as a key asset of our business. Therefore, it is important that we continue to develop the right environment and Company culture to encourage and create opportunities for individuals and teams to realise their full potential.	• bHeard annual engagement survey • Appointed a new Head of Internal Coms that has refreshed our internal communication approach • Weekly all team member coms, Motormouth, which we have revamped this year • As COVID-19 restrictions have eased we have moved more of our Learning and Development activity back to face to face, including welcome days where our team meet the CEO or members of the SLT • Training and talent development programmes • Monthly CEO listening groups called Happy Hour • Designated NED overseeing workforce engagement and ensuring updates are provided to the rest of the Board.	• bHeard results and annual people plan presented to the Board at January Board meeting • Continued to offer health and wellbeing initiatives with both mental, physical and financial support. We committed to ensuring we pay at least the Real Living Wage • People reports at scheduled Board meetings • Annual pay review and reports to the Remuneration Committee • We've invested in salary levels in key strategic areas of the business such as software engineering, preparation and customer care • Increased discount (to the HMRC maximum of 20%) on the Company's Sharesave in order to encourage greater "founder mentality". Read more / **pages 47–52**
Our customers	Our Choice, Value, Service and Quality proposition is reliant on having the right partnerships to enable us to deliver for customers. We have an unerring focus on customer satisfaction and that leads to 33% of customers repeat purchasing from us.	• Direct feedback sought on a regular basis via NPS (84 in FY22), Feefo (Platinum rate) and Google reviews • Monitoring/reporting of sales, footfall, website traffic and internet search analyses • Social media and websites • Direct contact in stores.	• High NPS score • Strong repeat and referral business • Use of data to better understand customer needs, and addressing these • Customer research is informing the development of a vehicle and customer data profile.
Our suppliers and partners	It is crucial that we develop and maintain strong working relationships with our suppliers, so we can enhance the efficiency of our business and create value, and make sure we treat suppliers in line with our values and ethical standards. We continually assess our supplier and partner network, and leverage both internal and external expertise to ensure appropriate relationships and fair economics.	• Standard terms of business and regular supplier meetings • Contingency planning should there be a failure in the supply chain • Supplier and distributor onboarding due diligence (financial, quality, business integrity and compliance, component supply, modern slavery etc) • Ongoing management of supplier relationships.	• CEO and senior management team focus on supply chain challenges arising from expanding into new channels and suppliers • Engaging with a broad range of suppliers and regular transition between channels, with a similar level of flexibility in our product offering • Further strengthening of supply chain team and processes.

Section 172 statement continued

Stakeholder	Why we engage	How we engage	Outcomes and how feedback reaches the Board
Our communities	Our employees care deeply about our communities. As a responsible employer, we want to contribute to the economic development and sustainability of our communities.	• Community investment initiatives • Enter into partnerships to create better gender balance within the automotive industry • Commitment to invest in the successful and sustainable delivery of careers and education for young people in our local communities • Volunteering in the community.	• Awards and recognition • Sponsorship and volunteering by employees • Continuing with our community focused partnerships which cement our contribution to the economic development and sustainability of these communities • Raising funds for local charities providing relief throughout the COVID-19 pandemic, and supporting frontline NHS workers • We support Payroll Giving to allow team members to support charities that are important to them, many of which will be local. Read more / **pages 50–51**
Our shareholders	As a company with a premium listing on the London Stock Exchange's Main Market, we need to communicate clearly and effectively with our existing and prospective shareholders to develop their understanding of how the Group's businesses are managed to generate sustainable returns and long term success.	• Annual Report • Consultation with lead investors and voting advisory organisations • RNS announcements • Annual General Meeting • Investor presentations • Corporate website • Roadshows arranged twice a year to engage with investors • Investors have the opportunity to visit branches and meet a range of employees.	• The Board is provided with regular feedback on investors' views and market developments • Despite the COVID-19 pandemic, senior management held virtual meetings with existing and potential shareholders • Face to face meetings with investors • We issued half and full year trading updates via the RNS facility to update the market on the financial performance of the business • Our websites (www.motorpointplc.com and www.motorpoint.co.uk) provide a broad range of information and data • Monthly reporting on shareholder trading.
Our environment	Through channels such as climate change and increasing legislative requirements, the natural environment effects many aspects of what we do. Our own materiality research also shows that the importance of environmental concerns rated highly among our other stakeholders. As a business, we need to do what we can to support our environment to ensure a sustainable business.	• Materiality research to highlight key risk areas and identify opportunities • Monitoring of our GHG emissions and ongoing reduction/offsetting activities to ensure we are as carbon neutral as possible • Continuous monitoring of our waste and implementation of improvements to reduce waste to landfill while increasing our overall recycling • Ongoing implementation and exploration of water saving projects • Continued investment into reduction and offset of our indirect environmental footprint, such as products sold.	• Newly formed ESG Committee at PLC level to oversee ESG matters • Environment as a key pillar of the ESG Committee • Sustainability manager appointed whose role includes the implementation of environmental projects • Formal ESG strategy developed with three key areas linked to our environment • Environmental performance measures included in Annual Report including waste and GHG emissions. Read more / **pages 35–46**

Environmental, Social and Governance

Embedding ESG into our business

ESG has gained significant prominence as a major issue within the industry in recent years and we are proactively responding to this.

Environment, Social and Governance ('ESG') is a huge subject and is far too diverse to focus on everything in this report. It is important to balance investment with measurable growth while also balancing the views of our various stakeholders. To enable the business to progress effectively with an ESG agenda, Motorpoint has partnered with Bright Space Communications. Bright Space came on board to thoroughly research the business, highlight opportunities and develop a formal strategy.

Our roadmap with Bright Space is split into five steps

Step 1	Identify material matters
Step 2	Prioritise and agree material matters
Step 3	Validate and link material matters
Step 4	Create an implementation roadmap
Step 5	Integration and engagement

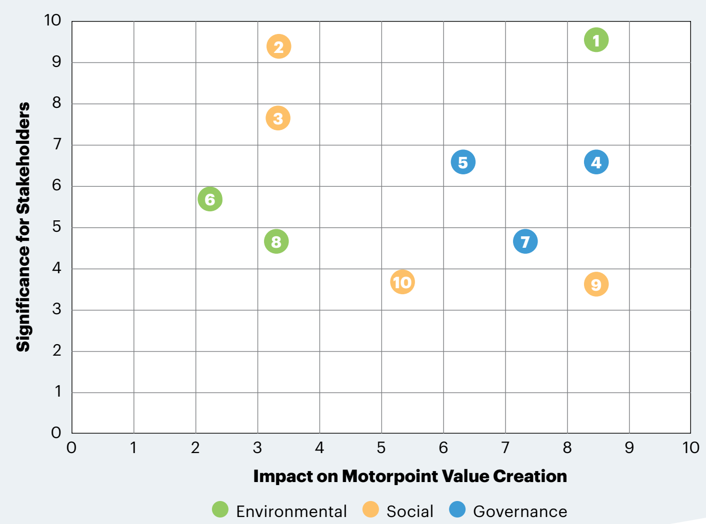
Step 1 was initiated and completed by the end of 2021. Research was conducted to understand the external context of our business and where we currently sit within the market. Bright Space also reviewed our internal strategy plans and risk registers before then conducting internal and external stakeholder engagement interviews. These interviews were further supported by an internal survey distributed around the business to understand the views of our people. The research highlighted ten key areas that hold significance across our various internal and external stakeholders (see chart below).

Environment and climate issues score highly both internally and externally. Additionally, climate concerns ranked as the most critical issue for the employees that were surveyed. Electric vehicles were raised as a topic not only from an environmental perspective, but also crossed over into social research responses. The general consensus from a social standpoint is that this is the area that the business currently stands out in, with a lot of the work taking place being well understood. Governance concerns were less prominent, but data privacy was noted among stakeholders.

The next year will see us continue to move through the steps of the roadmap. Step 2 is being initiated with the ESG Committee focusing on these identified areas.

Ten key areas

1. GHG emissions and reductions
2. Fair and inclusive workplace
3. Employee acquisition, talent management and retention
4. Business continuity and recovery
5. Data privacy management
6. Recycling, waste recovery and reductions
7. Cybersecurity and information security
8. Energy use, conservation and reductions
9. Supply chain management
10. Changing consumption patterns



Environmental, Social and Governance continued

ENVIRONMENT

The Group takes its responsibility towards the environment very seriously and has introduced many initiatives focused on reducing waste, water, improving energy efficiency and reducing its overall carbon footprint.

Go Green

Our partnership with Go Green has continued throughout FY22, driving us to becoming more efficient with the classification and segregation of our waste. With processes now established following the 2020 rollout, focus is now shifting towards improvements.

We are actively pursuing different waste collection hauliers to reduce our waste to landfill figure. We have also reduced our total number of waste collections across all sites, including the removal of many obsolete, confidential waste bins. Next financial year will see further drives to reduce our waste to landfill figure, and a push to better segregate our food waste, with the addition of food waste bins to be implemented in FY23.

Key waste statistics	2022	2021
Total waste removed by Go Green	**948.2t**	495.6t
Percentage waste to landfill	**0.9%**	2.9%
Percentage waste recycled	**81.0%**	52.5%
Percentage waste recovered	**18.1%**	44.4%
Tyre casings collected and recycled	**11,235**	4,528
Percentage of purchased casings recycled	**80%**	82%

FY22 saw a 91% increase in waste removed by Go Green when compared to FY21. The FY22 total waste removed figure is representative of the entire estate's waste, where as in FY21 services were being moved over to the Go Green contract throughout the year. Site openings and refurbishments also play a part in waste increases, as additional skip movements are required during such projects. In addition to the Go Green contract now being fully implemented, we saw significant improvements on the waste hierarchy. 81% of all business waste was recycled, with our total waste to landfill dropping to under 1%.

In FY21 we implemented a partnership with Stapletons to allow us to recycle our tyre casings directly rather than disposing of them. By the start of FY22 all sites had switched over to the Stapletons process and as a result over 11,000 casings were returned for recycling, preventing them from entering regular waste streams. In total this represented 80% of all casings purchased by the business, a figure we hope to improve on through FY23.

Water reduction – HSG UK

The benefits of a water reduction plan are two fold, providing both a financial benefit as well as doing the right thing for the environment. To support us on our water reduction journey we have partnered with HSG UK. As a business, HSG UK has a unique portfolio of industry leading products that not only support with washroom hygiene but also water saving.

Towards the end of FY22 HSG performed location inspections of our washrooms and by use of their award winning Ureco urinal insert have produced proposals that not only have significant water savings, but also financial and carbon savings too.

As of the end of the financial year, all current branches have been surveyed and the estimated water and financial savings are as follows:

Annual figures	
One-off installation costs (£)	1,525
Annual servicing costs (£)	11,279
Annual water cost saving (£)	21,760
Net year 1 savings (£)	8,956
Net year 2 and onwards savings (£)	10,481

Due to the reduced number of urinal flushes thanks to the Ureco devices, the water savings equate to a £21,760 saving on the annual water bill.

Environmental figures (three-year contract)	
Total water saving (litres)	26,113,560
CO_2 reduction (tonnes)	27.47

Over the course of the initial three-year contract period, over 26 million litres of water is projected to be saved, as well as a reduction in our carbon footprint.

Birmingham Clean Air Initiative

Since the inception of the Birmingham Clean Air scrappage scheme, Birmingham City Council has partnered with us to offer people working in the Clean Air Zone the chance to scrap their old car and receive £2,000 credit towards a compliant vehicle, or a mobility credit. Throughout FY22 the business has continued to support this scheme as we actively promote it to our customers and provide advice on how they can apply.

Carbon reduction and offsetting

We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand that we have a role to play in reducing greenhouse gas emissions. In addition to this, new UK legislation will reflect stricter carbon requirements in the wake of COP26.

Our aim is to be carbon neutral, and we achieved that this year for our Scope 1 and 2 emissions. This was through the development of a process with our partners at iOffset, a member of the Net Zero group. The emissions were calculated based on our electricity, gas, fuel and business travel. We then offset these emissions by purchasing accredited carbon credits from projects in Indonesia and Uruguay. This process ensures that Motorpoint's scope 1 and 2 emissions are carbon neutral, and scope 3 emissions will be the focus in future years.

The next phase of our partnership focuses on the emissions of our sold products. We have already secured 65,000 tonnes of carbon credits from a United Nations operated carbon scheme, and expect this activity to continue. This will also include an education programme to increase customer awareness, and how they themselves can reduce or offset their own carbon emissions. FY23 will also see us begin to implement digital strategies, such as a free to use online portal that can be utilised by customers to further improve and offset their own CO_2.

Energy management and reduction

We are committed to responsible energy management and will promote energy efficiency throughout our organisation.

FY21 saw us shift to more sustainable behaviours, many of which were expanded upon throughout FY22:

- Ongoing process of replacing existing lighting with LED lighting in all locations
- Continued with home working where possible, despite easing of COVID-19 restrictions
- Encouraged use of online meetings
- Reduction in travel, and continual communication to all staff of hints and tips to reduce everyone's carbon footprint.

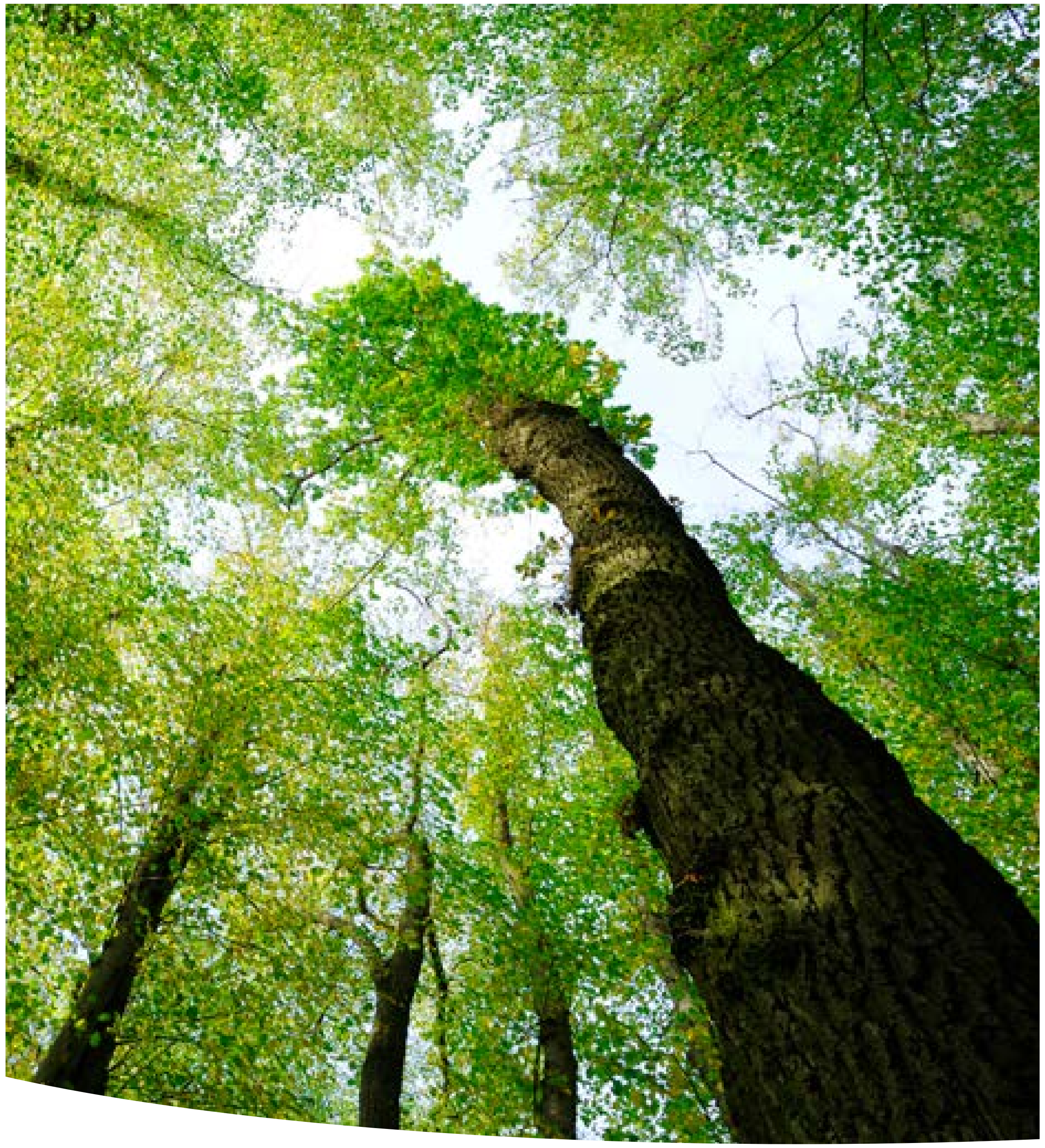
Environmental, Social and Governance continued

ENVIRONMENT continued

This year has also seen us engage with Planet First, another member of the Net Zero group, to take our energy management a step further. With this partnership we will look to develop a utilities verification and management system. This will include an online portal which will allow better visibility of each individual location's energy consumption.

It will also allow us to detect any spikes or dips against normal energy usage to allow us to take action and improve.

Once clearer visibility has been established we can then look to implement any energy reduction improvements such as renewable energy, and change behaviours where needed during FY23.



A data analysis project took place to understand the average annual emissions of our customers' cars. This has been used to develop a customer emissions offering, effectively making a customer's first year of driving a car, purchased from Motorpoint carbon neutral, by offsetting those emissions with carbon credits. This also helps us on our journey to tackle Scope 3 emissions as products sold are a major contributor."

Methodology used in the calculation of disclosures

SECR methodology was adopted, as specified in 'Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting and Greenhouse Gas reporting guidance March 2019' and used in conjunction with Government GHG reporting conversion factors.

Streamlined Energy and Carbon Reporting ('SECR')

We measure and report on carbon emissions in compliance with SECR, covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions. In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2013 The table to the right sets out Motorpoint's emissions in 2022, compared with 2021.

From an energy perspective the business has seen an overall increase in energy usage during FY22 when compared to last financial year. While electricity and gas saw minor increases our usage of fuel and increased business travel contributed to an increase to our overall CO_2 emissions. FY21 saw a substantial drop in our emissions against FY20, predominantly due to the branch closures and lockdowns caused by the COVID-19 pandemic. Because of this, our FY22 performance is better compared to FY20.

FY22 energy usage is lower than in FY20, a great achievement considering the additional site openings and operations. Our usage of gas has dropped significantly when compared to FY20, and we also saw noticeable reductions in our electricity usage.

Diesel usage and business travel both represent increases in our emissions when compared to FY20 but when the overall emissions of the business are put into comparison against our total square footage, FY22 still represents an improvement against pre pandemic performance.

	2022	2021
Total energy use covering electricity, gas, other fuels and transport (kWh)	**9,888,058**	8,370,540
Scope 1 emissions generated through combustion of gas (tCO_2e)	**618.35**	573.92
Scope 1 emissions generated through use of other fuels (tCO_2e)	**472.09**	204.38
Scope 2 emissions generated through use of purchased electricity (tCO_2e)	**959.50**	885.89
Scope 3 emissions generated through business travel (tCO_2e)	**265.10**	162.17
Total gross emissions (tCO_2e)	**2,315.04**	1,826.36
Intensity ratio – total gross emissions ($kgCO_2$ per sqft)	**3.12**	2.79

Note: Disclosures above are aligned with the SECR minimum mandatory requirements for quoted companies: Global scope 1 emissions from combustion of gas/ fuel for transport purposes and Global scope 2 emissions from purchased energy. Additional disclosure of scope 3 emissions from business travel or employee owned vehicles also included. Motorpoint ltd operates within the UK only. Any other emissions fall out of scope for mandatory SECR requirements and are not included.

Environmental, Social and Governance continued

TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES ('TCFD')

We support the Task Force on Climate related Financial Disclosures (TCFD) and its recommendations and are making TCFD aligned disclosures for all but two areas, these being detailed scenario planning (Strategy, 'c') and relevant scope 3 emissions disclosure (Metrics and Targets , 'b'), both of which are included in our pathway to full disclosure.

We recognise that climate change is the most serious challenge currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions. The effects of a transitioning economy will directly affect the motor industry throughout the value chain, evidenced by the UK Government's commitment to the end of the sale of conventional new petrol and diesel cars by 2030. We are committed to measuring and assessing the impacts of climate risks and opportunities across our operations, physical branches, and supply chains.

Our pathway to full disclosure is as follows:

Progress 2022

- Continued to measure and disclose our Scope 1 and 2 GHG emissions in line with SECR reporting, with plans in place to measure a series of Scope 3 emissions in the next financial year
- Starting to deliver our strategy for transition of offsetting our organisation's carbon output
- Integrating our governance structure and risk management framework to manage climate risks and opportunities
- Performed a high level financial review of the asset classes and cost categories likely to be impacted most significantly by climate change
- Setting out our metrics and targets to measure in future years (further information on p.45)

Future plans 2023

- Scope 3 emissions tracking covering: employee commuting, waste disposal and use of sold products
- Assess and develop the plan for detailed scenario planning using our high level financial review as the starting point

Governance

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

The following diagram sets out the responsibilities as follows:

Board of Directors
- Increased focus on climate related matters
- Review and approve climate related risks and principal risks
- Quarterly reviews of climate related risks
- Chris Morgan, CFO, appointed as climate related risk register owner

Audit Committee
- Provides twice yearly overviews of the risks facing the organisation, including climate change risk on the agenda
- Reviewed Board paper in January 2022 containing climate related risks and opportunities and planned TCFD disclosures

Executive Risk and Compliance Committee
- Delegated responsibility for identification, management and assessment of the Group's risks
- Quarterly reviews of the Group Risk Register
- Quarterly reviews of the Group's emerging risks
- Particular focus in the year on climate related risks with a commitment to carry out the ongoing management of those risks
- Twice yearly review of the Group's principal risks

Environment, Social and Governance ('ESG') Committee
- Established an ESG committee to be responsible for assessing the Group's environmental sustainability strategy

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

Climate related risks, including risks of a transitioning economy as well as physical risks to Motorpoint sites and branches are integrated as a part of our emergent risk process, which is a part of our risk management framework.

The Board has oversight of climate risks and opportunities through escalation via the Executive's Risk and Compliance Committee as well as the newly formed ESG committee noted in the diagram above.

The Risk and Compliance Committee has a responsibility to monitor and oversee emerging risks and as such our climate risk register was reviewed at least quarterly by the Board and key management personnel in the year.

As well as the Board, the Audit Committee provides twice yearly overviews of the risks facing the organisation, including climate change risk on the agenda.

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

Management's role is to ensure that the day to day management of climate related risks and opportunities are delivered along with delivering the strategy with respect to offsetting our carbon output, in line with our roadmap to becoming a more sustainable business.

Specific Group management activities in relation to climate related risks and opportunities:

Our Head of Sustainability is responsible for implementing the Group's strategy in respect of water and waste management, key elements in our ambition to be a more sustainable business. In addition, our Head of Sustainability is responsible for the measurement and reporting of our GHG emissions, which are disclosed in line with SECR in the environment section of the Annual Report (p.39).

Our finance function is responsible for supporting the business in understanding the financial impact of the Group's climate related risks and opportunities and has undertaken a high level financial analysis this year to help understand the potential effects on the Group's assets and costs.

All of the Group's functions are responsible in implementing risk management practices as defined in the risk management framework, including in relation to climate related risks and opportunities.

Environmental, Social and Governance continued

TCFD CONTINUED

Strategy

Our climate change strategy is underpinned by our desire to offset the carbon we produce and to be a responsible, sustainable organisation whilst also ensuring climate related risks are within appetite and opportunities are appropriately identified and maximised. We consider the short term horizon in line with our risk management framework to be the possibility of a risk event crystallising before 2025. Medium term analysis is defined as 2025 to 2030 and long term analysis being 2030 and beyond. During the year, the CFO was designated as the risk owner for our climate risks and opportunities.

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

Following the integration of climate risk and opportunity this year into the Group's risk management processes, we have assessed our risks and opportunities, mapping them to our principal risks and these can be seen in the table on page 46.

This year climate related risks were decided to be integrated as a part of the Group's current risk management processes. As such, all of the risks identified are within the scope of the Group's emergent risk process and none of the risks identified were assessed as being material in the short term. This will be carefully monitored in line with the Group's risk management processes and will be enhanced by the Group's plans around scenario planning in the future.

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

Whilst we have not performed scenario analysis, which forms part of our pathway to full disclosure, during the year we undertook an exercise as a part of our financial planning looking at future cashflows to ensure that our climate related risks had been considered for any increased costs when considering the value of our assets and future forecasts. The findings from this work were that when including these additional costs in future cashflows in respect of climate related risks, there was no impairment to assets identified.

With respect to business and strategy, the Group anticipates a natural shift in consumer choice towards alternately fuelled and electric vehicles ('EVs') in the medium term.

The Group has undertaken activity to prepare for this which includes:

- Planning in place for increased electric charging points for customer convenience at our branches;
- Planning in place for increased electric charging points at our dedicated preparation centres;
- Technicians trained and ready to prepare EVs.

Other impacts in respect of business and strategy can be seen on page 46 in our climate risk and opportunities register which includes any current plans for risk mitigations across our business and strategy.

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

We currently do not have the necessary expertise to disclose full scenario analysis in respect of our identified risks and are taking steps to be able to implement scenario planning as a part of our progression plan towards full TCFD disclosure.

Risk management

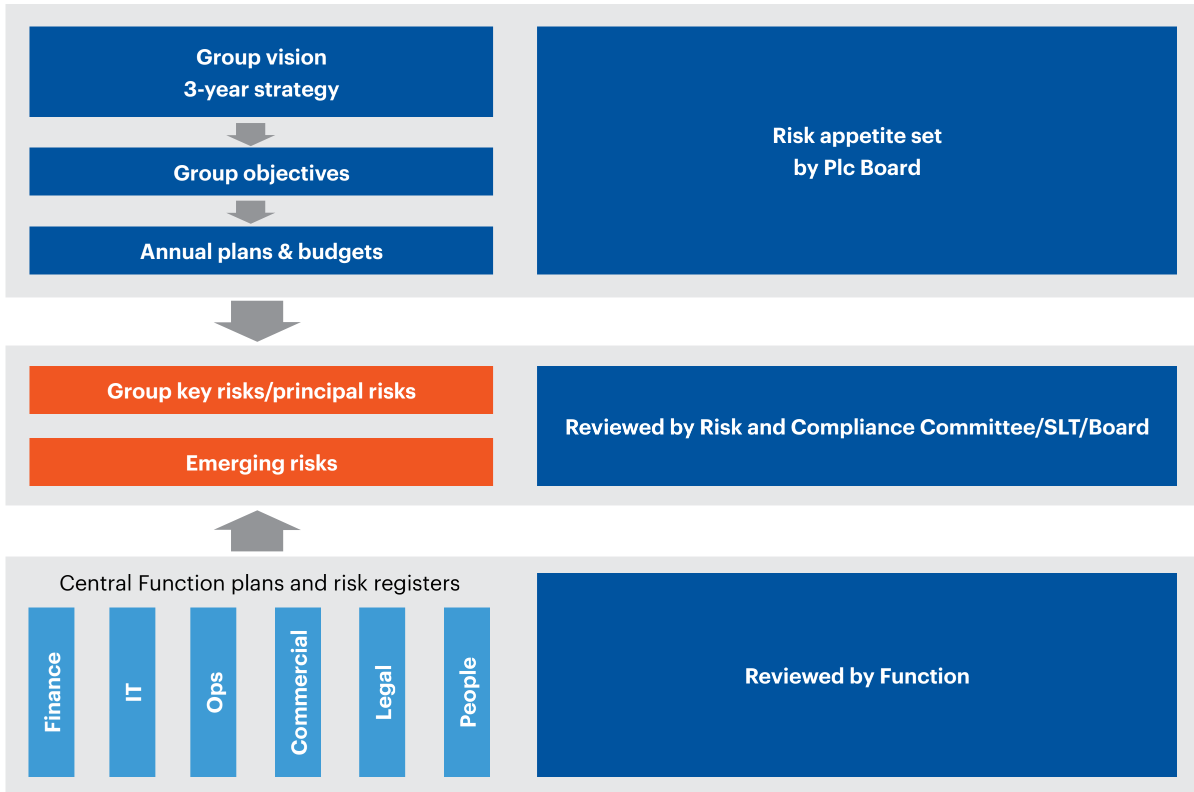
During the year, the Board has discussed climate change risk and opportunity and identified both risks and opportunities for the effects of a transitioning economy as well as physical risks of climate change. These have been through a process of review from both the Group's executive Risk and Compliance Committee and the Audit Committee. Our summary climate risk and opportunity register is shown on page 46.

The ongoing management of Motorpoint's climate risks is performed through the quarterly review of the Group's risk in the Risk and Compliance Committee. This will be informed by the work of the newly established ESG Committee, who will also meet quarterly. Our climate risks and opportunities are mapped to our principal risks and uncertainties, consistent with our approach to fully integrate climate change risk into our risk management practices.

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

The process for identifying and assessing climate related risks is aligned with the Group Risk Management Framework.

Climate related risks are within the scope of the Group's emergent risk process which feeds from function level risk management as well as the Group strategy. Where an emergent climate related risk is deemed to be material to Group strategy it will be included in the Group Risk Register. Group risks are subject to Group Risk and Compliance Committee, Senior Leadership Team ('SLT') and Board level review as shown in the diagram below:



Environmental, Social and Governance continued

TCFD CONTINUED

Risk management continued

During the year we appointed a Head of Sustainability to ensure that we have relevant expertise in respect of climate change and our journey in a transitioning economy. As well as this, steps were taken during the year to engage with central function risk owners to ensure that climate risks are appropriately escalated and managed throughout our operations, in line with the risk management framework.

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

During the year climate risks and opportunities were managed using a dual approach.

Our journey towards being a more sustainable company, including our strategic goal to offset the carbon that we produce, will be managed by the ESG Committee, chaired by Adele Cooper. The ESG Committee will meet quarterly and ensure Motorpoint progresses on its journey of carbon offsetting and analysing our environmental impact.

Climate related risks, including risks of a transitioning economy as well as physical risks to Motorpoint sites and branches, are integrated as a part of our emergent risk process, which is a part of our risk management framework. A register was formed in the year consolidating all of our climate related risks and these can be seen on page 46. The risks on this register were all assessed to be 'emerging' and as such are assessed as not currently material to the Group's strategy. The process for managing individual risks is to carefully monitor the impact assessment of these risks, with mitigating activities actioned should any risk be deemed material and outside of Group risk appetite.

All of the climate related risks identified in the register of emerging climate risks are related to the Group's principal risks, which have their own wider controls and mitigating activities. As such the climate related risks include mapping to the relevant principal risk. Details on mitigating activities for the Group's principal risks can be seen on pages 61–65.

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

Risk measurement and assessment is defined in the risk management framework, and all of our climate related risks (the register can be seen on page 46) were assessed in line with the defined criteria for assessing emerging risks to the business in the risk management plan.

Ongoing management of risks is performed in line with our risks management framework. Where assessed to be material and outside of appetite, steps are taken to agree mitigating actions to bring the risk exposure to within appetite.

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

Metrics and targets

The Group has metrics and targets that facilitate the measurement of the Group's impact on the environment, and monitor performance against the Group's ambition with respect to the carbon offset of operations.

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

The Group's strategy is underpinned by a desire to achieve carbon neutrality through offsetting, and as such KPIs are monitored closely, helping inform the Group over its climate related risks. The metrics that the Group monitors are within the scope of the ESG Committee which provides oversight and governance. The day to day management of the Group's metrics and targets are within the scope of the role of our Head of Sustainability who is responsible for the implementation of our ambitions in becoming a more sustainable business.

The KPIs are:

KPI 1: GHG Emissions (CO_2 scopes 1 and 2)

KPI 2: Internal Carbon Price per ton (£)

KPI 3: Expenditure/investment deployed toward climate risk and opportunities (£)

In addition, the KPIs are used by Group Finance to aid its financial review of climate related risks. As none of the assessed climate related risks were deemed to be material to the Group, these KPIs are deemed appropriate, with a commitment to review this again in FY23.

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

Our Scope 1, 2 and appropriate Scope 3 emissions are disclosed as follows:

Scope 1, 2 or 3	Data	Current reporting
Scope 1	Direct GHG emissions	Already reported in line with SECR reporting. Information is presented in Annual Report (page 39).
Scope 2	Carbon value of purchased energy, gas and fuel	Already reported in line with SECR reporting. Information is presented in Annual Report (page 39).
Scope 3	Purchased goods and services	Not currently tracked – part of pathway to full disclosure.
Scope 3	Business travel	Already reported in line with SECR reporting. Information is presented in Annual Report (page 39).
Scope 3	Employee commuting	Not currently tracked but plans in place to initiate a web app that allows Motorpoint employees to calculate their own footprint, including their commute.
Scope 3	Waste disposal	Not currently tracked – part of pathway to full disclosure.
Scope 3	Use of sold products	The GHG emissions of our cars sold. We currently calculate the average GHG emissions of our annual vehicles to offset, and this forms part of our pathway to full disclosure.
Scope 3	Transportation and distribution (upstream and downstream)	Not currently tracked – part of pathway to full disclosure.

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

The principal target for the organisation is in line with the strategy to reach net zero through carbon neutrality, utilising offset. As such the KPIs disclosed above are measured carefully to ensure that in the future, the Group's targets are met across Scope 1, 2 and 3 emissions.

Environmental, Social and Governance continued

TCFD Main Risk, Sub Category and Time Frame	Risk	Opportunity	Group Strategy & Response	Link to Motorpoint's Principal Risks and Uncertainties
TRANSITION POLICY AND LEGAL Long Term	Risk of increased taxation and regulatory requirements as UK Government aims to meet its own climate change commitments.	Opportunities from more sustainable operations include: • efficiency savings in all locations; • more efficient offices leading to energy and cost savings; and • more efficient and environmentally friendly transport solutions.	Carbon offsetting has already begun to be implemented and our Head of Sustainability along with the ESG Committee are managing our strategy in respect of being a more sustainable business.	Regulatory and Compliance
TRANSITION TECHNOLOGY Medium Term	Technology risks include: • not being able to meet increased demand for electric and alternate fuelled vehicles leading to loss of market share.	Increased opportunity for higher market share of 0-4 year old electric/alternate fuelled cars.	The Group is expecting a shift in consumer choice for EVs and is already training employees and readying charging facilities in prep centres and branch locations.	Competition, Market and Customers
TRANSITION MARKET Long Term	The cost of carbon offsetting becomes prohibitively expensive due to a global push towards net zero, pushing carbon prices up.	Efficiency and sustainability savings realised across operations reducing the need for carbon offset credits.	Carbon offsetting costs are monitored as a KPI owned by the Head of Sustainability and governed through the ESG Committee.	Economic Vulnerability
Medium Term	Limitations on affordable customer finance availability on electric/alternate fuelled vehicles.	Increased opportunity for higher market share of 0-4 year old electric/alternate fuelled cars through solving finance availability.	The Board maintains oversight over its partnerships on customer finance availability and is currently comfortable with its offerings in this market.	Competition, Market and Customers
TRANSITION REPUTATIONAL Medium Term	Reputational risks if Motorpoint does not respond effectively or urgently to public concerns over climate change include: • loss of customer confidence in the Motorpoint brand; • failure to attract and retain talent; and • failure to attract and retain investors.	Enhanced brand and reputational credentials, leading to wider customer base and more attractiveness as an employer.	A materiality assessment has been performed with Bright Space in the year and the ESG Committee will ensure climate change, which was identified as a key topic from this assessment, is focused on throughout FY23.	Brand and Reputation
PHYSICAL ACUTE Long Term	Physical risks of climate change include: • action from climate groups impacts/disrupts business operations; • extreme weather events could lead to site and inventory damage; • extreme weather events could cause significant supply chain disruption affecting Motorpoint's ability to move cars quickly and efficiently; and • extreme weather events could increase competition for land use, affecting Motorpoint's ability to expand to new sites.	Opportunities for Motorpoint in respect of its physical risks include: • develop risk assessment expertise to identify and mitigate vulnerabilities where they exist; • work with transport suppliers to improve efficiencies and ensure resilience to potential disruption; and • opportunity to run smaller sites with a reduced footprint leading to efficiency savings.	Group Finance has undertaken a high level review of the forecast costs and impacts on assets as a result of climate change, this will be monitored further and enhanced through scenario planning which forms part of our pathway to full disclosure.	Supply Chain Disruption

SOCIAL

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

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

Health & Safety

Over the last couple of years, Health and Safety has been dominated by the response to the COVID-19 pandemic and the Board has been focused on keeping our team members and our customers safe. We implemented many new processes and procedures. All the actions we took in order to keep our teams and customers safe were underpinned by a suite of risk assessments, guidance documents and checklists which encompassed our end to end business activities. External third party verification audits, completed by PIB, our health and safety advisor, tested our controls and confirmed that our controls were appropriate. These were further endorsed by local authorities and Public Health England on the two occasions when we self reported localised outbreaks at the Sheffield and Birtley branches. We also engaged with local authority enforcing officers carrying out the HSE's workplace COVID-19 surveys. We recorded team members who had tested positive or were self isolating, and we also centrally monitored confirmed cases to establish patterns of infections, enabling us to take remedial localised action where necessary.

As restrictions have been lifted and guidance eased, we have adjusted our ways of working to reflect the latest government advice and best practice but we remain vigilant and are ready to respond quickly should the situation require it.

Beyond our response to the COVID-19 crisis, the Board recognises that the highest levels of safety are required in order to protect our employees and customers. The Board believes that all incidents and injuries are preventable, and that all employees have the right to expect to return home safely at the end of every working day.

The Group Compliance Manager, who reports to the Chief Operating Officer' provides consultative support and advice to managers at all levels for health and safety matters across the Group. The Chief Operating Officer reports monthly to the Board on all key health and safety issues. The Board requires that the Group systematically manages its health and safety hazards, sets objectives and monitors progress by regular measurement, audit and review.

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

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

The right culture to succeed

Environmental, Social and Governance continued

SOCIAL continued

Our People

FY22 Highlights:

- **87** Promotions
- **#1** best company to work for in the automotive sector
- **963** Team members
- **334** New hires
- **4.2** Glassdoor rating
- **82%** would recommend Motorpoint as a great place to work to a friend
- **87** Long service Award
- Spread across 5, 10, 15 and 20 years' service awards

Our people have always been the heart of our business. Our achievements this year can be attributed to our talented teams who worked in line with our Values, demonstrating real resilience through yet another challenging year. Our people have made sure that our customers have continued to receive industry leading service as demonstrated by Feefo / Trustpilot; our preparation teams have looked after more cars than ever, ensuring only the very best quality cars are put in front of our customers; and at Head Office, our teams have supported the wider business and embarked on our strategic digital transformation journey. Our approach to developing a high performing and inclusive culture is achieved through a number of initiatives and is explained on the following pages.

Our Values

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

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

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

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

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

Our Values were updated and have been in place since 2018 and they continue to be a true reflection of how we work together at Motorpoint. In November 2021, we launched our Leadership Behaviours, demonstrating to leaders at all levels across the business what good leadership looks like at Motorpoint and what we, and our team members, expect from a Motorpoint Leader. These have been embedded across our processes to bring them to life and make sure that we keep these front of mind.

Being able to share insight, networks and time with schools to help make their careers services meaningful will deliver a more sustainable and positive landscape for everyone. Many young people, through no fault of their own, do not have the opportunity to experience what careers may exist for them and the Cornerstone Employers' network can help change that."

Equality, diversity and inclusion

We are determined to continue to build a culture that is welcoming and inclusive to all, where people are comfortable and free to be their genuine selves irrespective of preferences, circumstances or background. Our Head of Resourcing and Inclusion continues to work across the business at all levels to help the business highlight, educate and celebrate diversity of all types. She is also very active across the wider automotive industry, making sure that we are working together and sharing best practice to tackle some of the industry wide issues we are all facing. For Motorpoint, work in this area includes:

Cornerstone Employers' Network – continuing to support the next generation

We continue to be a Cornerstone Employer for the Careers and Enterprise Academy. A Cornerstone Employer is a business that is invested in the successful and sustainable delivery of careers education for young people and commits to join a leadership group of local businesses to support the schools, colleges and young people in their area.

We maintained our partnership and delivered a significant number of initiatives throughout the year, including the Open Doors programme (which gives young people the opportunity to take part in a series of sessions to gain an insight into our business, meet employees and complete work related tasks), reverse jobs fairs to improve employability skills as well as a virtual employment project with Special Educational Needs and Disabilities ('SEND') students.

We assumed the role of a lead employer for SEND schools and are proud of the work we have started doing with Project SEARCH as a Local Enterprise Advisor. Project SEARCH helps young people from across Derbyshire with different forms of learning disabilities to gain new skills as well as practical, work based experience through a structured personalised study programme as they look to make successful transitions from school to a productive adult life.

Partnership with the Automotive 30% Club

We have continued our membership and support of the Automotive 30% Club this year and in December our CEO Mark Carpenter was appointed as a new patron for the club. On his appointment Mark said:

"Improving gender balance along with the creation of an effective diversity and inclusion policy is fundamental to the future of work in the automotive sector. Arguably, these areas are some of the most important matters facing the automotive industry today. For this reason alone, I am delighted to accept the role of Patron for the Automotive 30% Club."

The Automotive 30% Club undertakes a range of campaigning and lobbying work and has inspired many in the automotive industry to get behind a range of gender balance initiatives and educational programmes for young people regardless of gender.

Environmental, Social and Governance continued

SOCIAL continued

Gender Pay Gap

	Male	Female	Gap
Average bonus pay	£8,387	£2,331	**72.21%**
Total average hourly pay	£18.53	£14.33	**22.66%**

Although we have made some great progress in closing our Gender Pay Gap through the development and recruitment of females into leadership roles, we acknowledge there is still some work to be done to further close our Gender Pay Gap. We will continue to ensure equality across our key leadership roles; an area of opportunity is our Sales Executive demographic. As only 6% of our Sales Executives are female, the average hourly pay for this group sits within our Upper Quartile.

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

Gender mix

	Male	Female
Senior Leadership	8 (67%)	4 (33%)
Leadership	16 (80%)	4 (20%)
Manager	59 (67%)	29 (33%)
Team Member	653 (77%)	190 (23%)
All employees	736 (76%)	227 (24%)

The table above sets our gender breakdown at various levels in the Company, including the breakdown for all employees, based on the 963 individuals employed as at 31 March 2022.

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

Motorpoint in the community

This year our approach to supporting our local communities has been initiated on three levels. National, local and at team member level.

National level

This year we signed up with our first ever national charity campaign, Global Radio's Make Some Noise Campaign. The aim of Global's Make Some Noise campaign is "Improving lives through small and local charities". This year the charity has supported 100 small charities in local communities across the UK. This includes food banks, mental health and domestic abuse helplines, carer support, community projects and employment programmes. Motorpoint is the official national charitable partner.

Our teams all really got behind delivering the Make Some Noise activities – in particular the Jamie Theakston and Amanda Holden road trip. The road trip managed to raise a massive £149,000! The trip wouldn't have been possible without the hard work from team members involved, including Bernardo Melero, Sales Controller Manchester and Jordan Dean, Head of Retail North West and Scotland, who chatted live on the Heart Breakfast show shouting about all the great work Motorpoint team members had done to raise this amazing figure for Make Some Noise.

Make Some Noise Day was also a huge success. All stores made a huge effort to get involved and a number of the charity reps across the business organised a range of fundraising events. As a company we raised over £3,000 on the day.

Local level

Whilst the Make Some Noise campaign was a national campaign with a local feel, we still recognise that our branches often have long-standing local charity partners and we continued to support these activities. During the year the following fundraising activities were completed:

Branch	Charitable Partner	Sponsorships
Birmingham	Birmingham Children's Hospital	
Birtley	Sir Bobby Robson Foundation	
Burnley	Lancashire MIND	Burnley Golf Centre
Derby		Motorpoint Arena Nottingham Derby County Community Trust
Glasgow & Motherwell	Beatson Cancer Care	
Newport	Time for Tea – Dementia	Motorpoint Arena Cardiff
Oldbury	Birmingham Children's Hospital	
Peterborough	Sue Ryder Thorpe Hall Hospice	
Sheffield	Cash for Kids South Yorkshire	
Stockton on Tees	Sir Bobby Robson Foundation	
Swansea	Time for Tea – Dementia	Merthyr Tydfil women's football team
Widnes	James Bulger Memorial Trust	
Manchester		We Love Manchester
Maidstone		Demelza – Hospice Care for Children

Team member level

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

Doing the right thing for our people

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

We believe that Motorpoint is an amazing place to work but we constantly strive to become an even better place to work. The Virtuous Circle is at the very heart of the way we do business as we genuinely believe that if we get it right for our team members, they will get it right for our customers and that will create stronger performance for all of our stakeholders. We are very proud to have been listed in the Best Companies Best Places to Work list for seven consecutive years and are number 1 in the automotive sector.

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

Listening to our employees

We have taken part in the Best Companies b-Heard survey for the last eight years and this gives us high quality feedback from our team members on what they like about working for Motorpoint and more importantly where we can improve. This year 90% of our employees participated in the survey and we achieved a 2 Star (outstanding) accreditation. Of course the important thing about an engagement survey are the actions that you take as a result of the feedback and at Motorpoint all areas of the business are expected to create an Action Plan based on their team feedback and are measured on delivery against those action plans.

Alongside the b-Heard survey every manager in the business with more than three direct reports receives an individual management rating known as MC3. This provides feedback to every manager on how they Motivate, Consider, Converse and Care for their teams. Anyone with a 1 Star rating or lower has to present back their learnings and Action Plan to Senior Leaders. This year we will also be combining the manager's feedback with our new Leadership Behaviours.

As well as surveys, the SLT spend a significant amount of time in branches speaking to colleagues at all levels. Mark Carpenter also holds regular Happy Hour focus groups with team members at different levels across the business and the People Team also hold regular listening groups.

Environmental, Social and Governance continued

SOCIAL continued

I've been at Motorpoint for 5 years and it's my job for life. I've never worked somewhere with a better focus on personal growth and range of opportunities. Hard work is rewarded, and the Company shows faith and belief in the work you do, they're also there to support you if you need it and with the current climate of uncertainty this security has been incredible to me."

Scott Greensmith Digital Merchandise Manager

Learning and development

During the pandemic all of our learning and development offering moved online to support team members whilst they were working remotely from home. During that time we launched a new learning management system, My Skills, providing a wide range of e-learning opportunities to team members.

As restrictions have started lifting, we are starting to move some learning and development opportunities back to face to face. Our aim is to get the blend right between online and face to face where appropriate to make sure we are taking the most appropriate route in supporting our team members' professional and personal development.

We are also increasing our focus on the development opportunities provided through apprenticeship and graduate schemes. We currently have 38 apprentices across all areas of the business. We have taken on our first intake of newly recruited preparation apprentices. This is a key area of talent for us and the industry and we see apprenticeships as a great way to fill the talent pipeline in this difficult to recruit area. We have also launched our first ever graduate scheme with three new graduates joining us, taking six-month placements on rotation across the business. Our intention is to significantly expand the number of apprentices and graduates we have over the near term.

Wellbeing

The wellbeing of our team members has always been important to us at Motorpoint. Happy and Supported are two of our Values and our focus on the Virtuous Circle means we are naturally concerned about how our colleagues are feeling, emotionally, physically, mentally and financially. Of course the pandemic and more general societal interest means that employee wellbeing has become even more important in recent years and at Motorpoint we have tried to stay ahead of this curve.

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

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

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

We have recently relaunched our benefits platform My M.O.T. (Motorpoint Offers and Treats) and have upweighted our focus on wellbeing by offering our team members a wide range of benefits, discounts, access to materials and advice on physical, mental and financial wellbeing areas.

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

GOVERNANCE

We are committed to promoting a culture within Motorpoint where everyone does the right thing and acts with integrity at all times. We require all employees and third parties who act on our behalf to conduct business honestly and with integrity, and to take personal responsibility for ensuring that our commitment to sound and ethical business conduct is delivered.

Whistleblowing

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

Anti bribery and corruption

Motorpoint has a zero tolerance policy in respect of bribery and corruption. This extends to all business dealings and transactions, and includes a prohibition on offering or receiving inappropriate gifts or making undue payments to influence the outcome of business dealings.

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

The Group does not make political donations.

Treating Customers Fairly

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

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

In particular, the following business areas are under constant review in light of changes to Motorpoint's business model, customer requirements or the regulatory environment:

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

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

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

Human rights

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

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

Financial review

Successful year despite industry wide challenges

Even with the well documented challenges in our industry with unprecedented inflation and new vehicle shortages which limited our growth, the Group had a successful year.

Group financial performance headlines

When branches reopened back in April 2021, we initially experienced record sales and profitability. While demand was still high, revenue started to moderate from June onwards reflecting industry wide stock shortages, although we continued to increase market share in our core market.

Revenue for the full year increased by 83.3% to £1,322.3m (FY21: £721.4m), following strong consumer demand for used vehicles and the Group's continued strong market share gains. FY21 comparatives were impacted by COVID-19. Total vehicles sold were 97.7k (FY21: 67.5k). Gross profit was £106.3m (FY21: £62.5m), an increase of 70.1%. EBITDA, as defined on page 148, increased by 76.5% to £32.3m (FY21: £18.3m). Profit before taxation increased by 121.6% to £21.5m (FY21: £9.7m). This was even with a planned increase in strategic costs, as the business further invested in people, technology and marketing.

Cash at bank increased to £7.8m (FY21: £6.0m) and we utilised £29.0m (FY21: £Nil) of the revolving credit facility at year end. During the year significant vehicle inflation impacted stock valuations, and we accordingly negotiated increases in our stocking facilities from £106.0m at the start of the year to £195.0m by year end. The last tranche of this increase of £30.0m was made available in the last week of the financial year and used in the early part of FY23 to reduce the revolving credit facility balance. By 23 May 2022, the Group returned to a net cash positive position.

Trading performance

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

During the year, Motorpoint launched its car buying service, purchasing cars directly from consumers, and is now a fully automated digital first offering and payments are made to sellers within minutes of the vehicle being received. This is an important enabler to increase the supply of retail vehicles and the volume of transactions through Auction4Cars.com. During FY22, 17.9% of retail vehicles sold were sourced from consumers (including part exchange) (FY21: 8.3%).

> ***"During FY22, the Group demonstrated its ability to respond to market conditions and vehicle price inflation by successfully increasing its stocking facilities, which now stand at £195.0m up from £106.0m in FY21. This highlights the confidence lenders have in our transformational growth aspirations."***

Chris Morgan
Chief Financial Officer

	Retail customers		Wholesale customers		Total	
	Year ended 31 March 2022 £m	Year ended 31 March 2021 £m	**Year ended 31 March 2022 £m**	Year ended 31 March 2021 £m	**Year ended 31 March 2022 £m**	Year ended 31 March 2021 £m
Revenue	**1,112.3**	593.8	**210.0**	127.6	**1,322.3**	721.4
Gross profit	**91.0**	54.1	**15.3**	8.4	**106.3**	62.5

Retail

Revenue from retail customers was up 87.3% to £1,112.3m (FY21: £593.8m), with 62.9k vehicles sold. Retail volumes increased by 45.9% over FY21. Due to the reduced supply of vehicles in the market, we expanded our offering from our core market of vehicles under three years old, to include greater than three years old, again showing our ability to successfully adapt at pace to changing market conditions.
In the year, our share of the 0-4 year old market increased to 3.1% (FY21: 2.4%). Our average market share within a 30 minute drive time of a branch was 7.7% (FY21: 5.5%).

Gross profit per retail unit for the financial year was £1,446 (FY21: £1,254). In the first half, gross profit per retail unit benefited from increased demand pushing prices up combined with robust internal changes in buying and pricing strategies. After this period of unprecedented month on month inflation, prices stabilised in the second half, albeit at record levels. The Group also continued to focus on internal processes within the vehicle handling and preparation side of the business. Improved speed of preparation, combined with strong cost control, has resulted in efficiencies. This was despite an increased cost of preparing vehicles in the greater than three year old range.

Finance per vehicle sold improved significantly in the year, with an overall penetration of 52% (FY21: 42%), and a record 58% in the last quarter. Our APR finance rates were reduced further to 8.9% from 9.9% in October 2021 as we reinforced our belief of being the best value car retailer in the UK. Warranty penetration also improved from 34% in FY21 to 49%.

Our new branches in Manchester, Maidstone and Portsmouth opened in the second half of the year, and whilst early days, we are pleased with performance thus far.

Wholesale

Wholesale revenue via Auction4Cars.com, which sells vehicles which have been part exchanged by retail customers, or directly purchased from consumers, increased by 64.6%. Wholesale volumes were affected by the move into 3-4 year old retail criteria. 34.8k vehicles were sold via this purely online platform (FY21: 24.4k).

Gross margin strengthened to 7.3% (FY21: 6.6%), reflecting both the market and internal pricing controls. Gross profit per wholesale unit was £440 (FY21: £344). By the year end our Auction4Cars.com trading platform had been successfully upgraded to operate as an automated marketplace to include third party vendors, enabling them to auction their own vehicles digitally.

Operating expenses

Operating expenses increased from £49.9m in FY21 to £81.3m. COVID-19 relief of approximately £3.9m explains part of this movement, along with variable costs which were cut wherever possible last year, due to the COVID-19 lockdowns. This year the Group made a planned uplift in strategic costs, as we further invest in people, technology and marketing. Marketing costs in total were £18.9m (FY21: £7.0m) and people costs £34.7m (FY21: £25.6m). Marketing costs included a greater proportion of digital spend than previously, which is expected to continue. In addition, staff costs rose due to planned headcount increases and bonuses. Customer acquisition cost per retail unit was £300 (FY21: £163), and people cost per retail unit £552 (FY21: £594).

Exceptional items

There have been no exceptional items in the year (FY21: £Nil).

Interest

The Group's net financial expense was £3.5m (FY21: £2.9m).

Total interest charges on the stocking facilities in the period were £1.5m (FY21: £1.1m), which reflected the sharp increase in inventory valuation.

Interest on lease liabilities of £1.7m (FY21: £1.6m) was incurred during the period.

Interest on banking facilities was £0.3m (FY21: £0.2m).

Financial review continued

Taxation

The tax charge in the period is for the amount assessable for UK corporation tax in the year net of prior year adjustments and deferred tax. The effective rate of tax in the year of 21.4% (FY21: 21.6%) is higher than the charge which would result from the standard rate of corporation tax in the UK of 19.0%. This reflects timing differences relating to fixed assets and adjustments made in respect of prior years, partly offset by the impact of the tax rate change on the deferred tax asset.

Shares

At 31 March 2022, 90,189,885 ordinary shares were in issue, of which 1,372,677 were held in the Employee Benefits Trust.

Earnings per share

Basic and diluted earnings per share were both 18.7 pence (FY21: 8.4 pence).

Dividends

No dividend was paid in the period (FY21: £Nil) and the Board has not recommended a final dividend (FY21: £Nil) while it focuses on driving significant growth.

Capital expenditure and disposals

Cash capital expenditure was £6.9m (FY21: £3.6m), and primarily related to the fit out of the three new branches, the dedicated preparation centre in Motherwell and various branch refits. All new properties were leased.

After the year end, the sale and leaseback of our Stockton on Tees site was completed. The freehold was sold for £5.0m and leased back at an annual rent of £350k. There was no material profit or loss on this transaction.

Balance sheet

During FY22, the Group demonstrated its ability to respond to market conditions and vehicle price inflation by successfully increasing its stocking facilities, which now stand at £195.0m up from £106.0m in FY21. In addition, the revolving credit facility was increased to £29.0m from £14.0m in FY21. The Group also has an uncommitted overdraft facility of £6.0m which remains in place and was undrawn at the year end. Both are agreed until May 2024.

Non current assets were £59.2m (FY21: £60.9m) made up of £0.6m of intangibles, £10.9m of property, plant and equipment, £46.7m of right-of-use assets and £1.0m of deferred tax asset (FY21: £Nil, £16.1m, £43.6m and £1.2m respectively). At the year end the Group owned three properties, being the preparation centre in Peterborough, the Stockton on Tees branch, and some additional land in Glasgow. Stockton on Tees was subsequently sold after year end and leased back. As a result of the intention to sell and leaseback both Stockton on Tees and Peterborough at the year end, there are assets held for sale of £9.2m (FY21: £Nil). All other properties are on leases of various lengths.

Included within intangible assets was £0.6m in relation to IT projects.

The Group closed the year with £228.4m of inventory, up from £128.4m at FY21 year end. Whilst stock would have been inflated at the end of March 2021 due to a build up for the post lockdown reopening, used vehicle values increased considerably in the year, with inflation of over 30% since the FY21 year end. The Group also broadened its mix of SKUs, with a greater proportion of more expensive vehicles. Days in stock improved to 54 days (FY21: 67 days).

At 1 April 2021 the Group had £106.0m of stocking finance facilities available with Black Horse Limited (£80.0m) and Lombard North Central PLC (£26.0m), and £89.2m was drawn. During the year, in response to the unprecedented inflation and move in vehicle mix, both facilities were increased, to £120.0m and £75.0m respectively.

The Group also has a £35.0m facility with Santander UK PLC, split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility. At the year end, the revolving credit facility was fully drawn, due to the timing of the availability of the stocking increase. This revolving credit facility was increased by £15.0m during the year and replaced the temporary £15.0m bank overdraft which expired earlier in May 2021.

Trade and other receivables have increased to £13.6m (FY21: £7.7m), reflecting the increased volume and sales mix at the respective year ends, with most sales being online in March 2021 due to COVID-19. When sales are made online the cash reaches us instantly. When sales happen in branches the use of card machines brings a timing delay and increases the debtors balance. In addition, finance penetration increased to 52% (FY21: 42%) leading to an increase in commissions due.

Trade and other payables, inclusive of the stock financing facilities, have also increased to £193.8m (FY21: £125.7m), primarily reflecting increases in the stocking facilities to £147.0m (FY21: £89.2m).

Borrowings reflect the use of the revolving credit facility. By 23 May 2022, the Group had recorded a net cash positive position. The increase in total lease liabilities to £52.8m (FY21: £49.3m) reflects the new branches.

Cash flow

Cash flow from operations was £(5.5)m outflow (FY21: £12.4m inflow). The majority of this drop reflected the significant inflation coupled with increased vehicle volumes, raising inventory values by £100.0m in the year, and the timing of the stocking finance availability.

Other main items in the cash flow include capital expenditure of £6.9m (FY21: 3.6m), payments to satisfy future employee share plan obligations of £5.0m (FY21: £0.4m), an increase in borrowings of £29.0m (FY21: £10.0m repayment), principal lease repayments of £4.0m (FY21: £3.6m), interest payments of £3.5m (FY21: £2.9m) and tax payments of £2.3m (FY21: £2.8m).

Capital structure and treasury

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

The Group's long term funding arrangements consist primarily of the stocking finance facilities with Black Horse Limited and Lombard North Central PLC (to a maximum of £195.0m), trade and other payables, as well as an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility. This loan facility with Santander UK PLC is due to expire in May 2024.

Chris Morgan
Chief Financial Officer
15 June 2022

Risk management

Continuous identification and review

The expanded role and remit of the Group Risk and Compliance Committee is testament to our commitment to continuously strengthen and prioritise risk management in the Company.

Approach to risk management

The Board is accountable for maintaining a policy of continuous identification and review of the principal risks facing the Group which could threaten its future performance or business model. On behalf of the Board, the Audit Committee reviews the effectiveness of Motorpoint's risk management processes.

Motorpoint's prioritisation of risk management was strengthened and enhanced during the year through the expansion and subsequent renaming of the Compliance Committee to the Group Risk and Compliance Committee. The Committee has delegated responsibility, from the Audit Committee, for formally identifying and assessing these risks annually, measuring them against a defined set of criteria, and considering the likelihood of occurrence and potential impact to the Group. The Group Risk and Compliance Committee is formed of the Executive Board, the Head of Internal Audit and Risk and risk owning Senior Leadership Team members.

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

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

Principal risks and uncertainties

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

How the Board manages risk

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

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

The Board's review of risk and controls

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

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

Based on the work of the Audit and Risk and Compliance committees, the Board has performed a robust assessment to ensure that: (i) the principal risks and uncertainties facing the Group's business have been identified and assessed and are aligned to the Group's business strategies; and (ii) appropriate mitigation is in place.

Changes to principal risks

During FY22 the Group Risk and Compliance Committee and the Board continued with its role of managing the Group principal risks and where outside of appetite, setting out and monitoring mitigations to bring the risks within appetite.

We decided to remove Brexit from the principal risks and uncertainties this year as a result of successful risk mitigations and limited sourcing and sales activity with the EU. The Board recognises that some residual uncertainties in relation to Brexit remain, such as potential labour shortages affecting the supply chain. However, these have been included within the scope of our supply chain and economic vulnerability risks with mitigations for those uncertainties managed on a day to day basis.

There were no new emerging or principal risks in the year confirmed by the Board and the Group Risk and Compliance Committee. However, our supply chain and economic vulnerability risks were deemed to have escalated in the year and have an increased risk outlook moving forwards. The principal causes of the escalated risk outlook are the conflict resulting from Russia's invasion of Ukraine, which is likely to cause further supply issues in the motor industry as well as global economic uncertainty from concerns over potential escalations of the conflict. In addition, the ongoing semiconductor shortage is expected to continue to affect the used car retail supply chain owing to the lack of supply of new vehicles in the market.

The COVID-19 pandemic has continued to impact the business in the year, albeit much reduced from FY21, which is included in our economic vulnerability risk.

With respect to climate change, the Group Risk and Compliance Committee actively manages and monitors climate change risk within the scope of its activities. This forms part of the continued commitment by the Board and the Committee to integrate the identification and ongoing management of climate risks with the Company's risk management processes set out in the Group Risk Management Framework. The summary risk and opportunity register in respect of climate change has been set out in our TCFD disclosure on page 46. The register sets out how our specific climate risks relate to the principal risks. All of our climate change risks identified are being managed within the scope of our principal risks set out on pages 61 to 65.

1st line

Operational and management controls

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

2nd line

Risk and compliance monitoring

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

3rd line

Independent and external review

- External advisors engaged to review 1st and 2nd lines.
- Open culture of challenge to existing processes and whistleblowing hotline.
- The work of internal audit.

Risk management continued

Viability statement

In accordance with the UK Corporate Governance Code 2018, the Board has assessed the prospects of the Group over a period in excess of the 12 months required by the 'Going Concern' provision, selecting a three-year period to the end of FY25 which takes into account the Group's current position and the potential impact of the principal risks and uncertainties as set out on pages 61 to 65.

In making their assessment the Directors considered the Group's current balance sheet, and operational cash flows, the availability of facilities, and stress testing of the key trading assumptions within the Group's plan.

The Board has taken a severe but plausible downside scenario approach in considering the going concern status of the Group, reducing volumes and prices, and increasing interest rates and comparing with headroom available against banking covenants and liquid resources required to continue trading. Taking the base case three-year forecast as the starting point, even when applying a 25% reduction to revenue, as well as a substantial increase in interest costs, the covenants were not breached, and liquid resources were not depleted. In this model, operating costs were not flexed outside of built in inflationary increases. However, in the event of a significant downturn, the Board would take mitigating measures to reduce operating costs which would create further headroom.

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

The effects of the pandemic in respect of restrictions, lockdowns and mandatory isolation periods have significantly reduced year on year and are increasingly likely not to return. As such the Board anticipates that the likelihood of material impacts on operations as the result of the pandemic are less likely for FY23 and beyond. The Board does acknowledge that there are potential future direct and indirect implications of the pandemic, which could continue to impact on the Group, including on its liquidity and adherence to financial covenants but these are highly unlikely.

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

During FY22, the Group demonstrated its ability to respond to market conditions and vehicle price inflation by successfully increasing its stocking facilities, which now stand at £195.0m up from £106.0m in FY21.

In addition, the revolving credit facility was increased to £29.0m from £14.0m in FY21. The Group also has an uncommitted overdraft facility of £6.0m which remains in place and was undrawn at the year end. Both are agreed until May 2024. Although this termination falls within the period to 31 March 2025, the Group is confident that any extension of the facilities can be reasonably expected.

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

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

The Group has continued to demonstrate an exceptionally flexible approach to trading and despite the ongoing constriction in the supply of new vehicles, which is expected to continue into 2023, we have been able to use our market position to access more stock to satisfy customer demand, both online and in branch.

The Directors have also made use of the post year end trading performance to provide additional assurance that the year end stock levels and associated provisioning were reasonable, and that it is reasonable that no branches require an impairment provision. While only a short period has passed since the year end, this evidence adds further comfort to the continuing strength of the Group in an active market.

Based on this assessment, the Board confirms it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2025.

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

Principal risks and uncertainties

Risk and impact	Mitigating controls	Progress made in FY22	Dynamic Risk Assessment
Competition, Market and Customers			
The UK vehicle market is highly competitive, and customers have a broad choice of retailers, some of which offer comparable products. The market continues to see consolidation and innovation, through which our competitors have progressed their propositions. Concurrently, customer expectations and buying patterns are evolving, with the traditional research and purchase channels becoming ever more influenced by digital media, peer recommendations and convenience. There is also a market risk identified in respect of climate change affecting consumer choice. Failing to stay ahead of the market or to adapt to changing customer behaviours faster than the competition could undermine our ability to meet our objectives.	• Continue to drive our multichannel proposition, refined post COVID-19 to accelerate growth opportunities. • Continue to compete via our business model's consistent focus on Choice, Value, Service and Quality; each of these cornerstones is built into the business operation and reporting. For example, customer satisfaction ratings are used in the calculation of all bonuses or commissions across the business. • Investment in brand marketing, digital engineering, data insight capability and service to raise awareness of Motorpoint and meet customer needs, including with respect to electric vehicles and climate change related data, such as emissions produced by cars that are sold. • Investment in supply chain capacity and capability, and delivery of productivity improvements to enable us to compete effectively and allocate resource to growth driving activity. • Commission regular customer insight reports to track performance against the market, competitors, and other key indicators. Mystery shopping best in class retailers.	• Increasing our market share in new areas through three new sales sites in the year as well as a new dedicated preparation centre. • Significant investment in our digital transformation, including the appointment of a Head of Change and Transformation to enhance our digital offering. • Increased brand awareness through continued investment in brand marketing and nationwide TV advertising. • Implementing a highly flexible and adaptable business model in response to increased demand for used cars, increasing the range of cars Motorpoint would typically sell. • Electric vehicle strategy formed during the year, with in-put from newly appointed Head of Sustainability. Progress includes: communications to employees and customers; training for employees; and dedicated areas on the customer website for electric vehicles.	
Brand and Reputation			
As a function of being independent of manufacturer support, Motorpoint attracts new and repeat customers substantially through building a compelling perception of the Company's brand and reputation. Our customers expect us to deliver vehicles that are safe, compliant with legal and regulatory requirements, and fit for purpose. We also recognise the potential impact of climate change on brand and reputation in the knowledge that failure to embrace change to combat climate change could result in negative consequences for our brand and reputation. Failure to maintain these would rapidly result in a loss of customer confidence and impact levels of business. Unfavourable publicity concerning the Company or the industry in which it operates could also have an adverse impact.	• Brand awareness and relevance expanded to both new and existing customers, through investment in our website, advertising and via more personalised outbound communications. • Customer satisfaction, measured using the NPS system, sits at the heart of our operations and is subject to regular scrutiny across all levels of the business. • We closely monitor customer perceptions using both qualitative and quantitative feedback and respond quickly where possible. • Customer Sentiment Dashboard monitors the potential impact of climate change on brand and reputation as well as other key metrics from NPS score, review scores of sites and feedback and social media sentiment.	• Key messaging around our four core value propositions – Choice, Value, Service and Quality. • Began to implement a consolidated and formalised Customer Sentiment Dashboard that tracks on a monthly basis customer metrics such as repeat business levels, NPS scores, review site scores and feedback, and social media sentiment. • Business Intelligence restructured to interpret key customer metrics and capitalise on new opportunities. • Head of Sustainability appointed in line with the Company's ambition to achieve sustainable, responsible operations, including working with the ESG Committee on the topic of climate change and how it may affect our brand and reputation.	

Dynamic Risk Assessment

Increasing Decreasing Stable

Principal risks and uncertainties continued

Risk and impact	Mitigating controls	Progress made in FY22	Dynamic Risk Assessment
Availability and Terms of Customer Finance			
Vehicle sales volumes rely on our customers being able to access affordable credit lines. As such the Company is exposed to the risk of lending institutions reducing, terminating, or materially altering the terms and conditions on which they are willing to offer consumer credit to the Company's customers. Commission income generated by the Company acting as a regulated credit broker could be impacted if either the number of such arrangements reduces, or the structure and amount of commissions earned is altered. Given the customer finance offering has improved in the year as well as continued positive relationships with lenders, this risk is deemed to be decreasing in outlook.	• Constantly monitor the market and emerging trends. • Work in conjunction with our partners to keep our consumer credit offer relevant, competitive and viable. • Where possible reinvest in the quality of the customer offer, preferring to build its appeal rather than maximise our commission rates.	• Customer finance offering improved in the year through the reduction of rates available to customers.	
Supply Chain Disruption			
Sales/profitability and customer satisfaction could be impacted by supply chain disruption or loss of access to key suppliers. This includes potential effects from increased risks in this area such as the situation in Ukraine, which is likely to further affect supply in the motor trade, as well as the ongoing semiconductor issue. Potential long term threats in this area from climate related risks are also included within the scope of this risk.	• Use of a broad spread of supply channels, within each of which are longstanding relationships. • Employment of an experienced buying team which is responsible for maintaining an efficient and effective supply chain. • Able to utilise our buying criteria within the scope of our retail proposition (age and mileage of vehicles) to access more supply if required. • Business continuity plans in place for Motorpoint non-store facilities. • We seek to limit dependency on individual suppliers by actively managing key supplier relationships. • Head of Sustainability reporting on ways in which the supply chain can be made more sustainable, in order to combat long term climate related risks in this area.	• Continuation of upgraded Home Delivery vehicle fleet. • New car buying service introduced, which broadens our supply channels. • Strengthened and consolidated our relationship with key subcontractors in our supply chain, including the agreement of multiple contracts covering all branches. • Investigative work undertaken to develop the sustainability of our supply chain.	

Dynamic Risk Assessment

Increasing Decreasing Stable

Risk and impact	Mitigating controls	Progress made in FY22	Dynamic Risk Assessment
Economic Vulnerability			
Failure to withstand the impact of an event or combination of events that significantly disrupts all or a substantial part of the Group's sales or operations. This risk includes the risk of a lack of business resilience in the event of: external economic pressures and inflation causing significant reduction in UK Consumer spending, further risks of economic shutdowns from a new or resurgent pandemic, economic downturn due to global conflict causing material price rises and energy price increases, climate related disruption, and material cost inflation.	• Internal control and risk management process in place to identify and manage risks (including emerging risks) that may impact the business. This includes horizon scanning for potential risks and early identification of mitigations against potential rising costs, falling sales volumes and business readiness in the event of shutdowns. • Conservative financial approach – strong balance sheet, balanced levels of structural debt, low risk property portfolio, 'value for money' mentality. • Strong and united Board and Management team in place, experienced managers in key roles and committed colleagues. • Strong values – emphasising 'long term thinking' and 'acting like owners' – which Board and senior management are required to role model, embedded in the business through recruitment and appraisal, and colleague communications. • Strong relationships maintained with key stakeholders (shareholders, colleagues, customers, suppliers, community). • Investment in the Motorpoint brand and diversity of routes to market provide flexibility through our omnichannel approach. • Business continuity plans in place and kept up to date for branches, operations and technology. • Forward planning by ESG Committee and Head of Sustainability to plan for potential climate related economic threats from increasing cost of carbon. • Insurance cover in place to cover key risks, where applicable. Particular focus on cash flow management. • Expert third party advisers in place (e.g., corporate PR, corporate, banking, legal) to assist.	• Further strengthening financial position of the Group through increased stocking facilities and revolving credit facility. • Adaptable business model in place facilitating colleagues to work remotely where possible and contingency plans to close/reopen branches and facilities safely in accordance with legal requirements. • Long term planning and investigative work begun covering the business' readiness for the impacts of climate change, including an anticipated increased demand for electric and alternately fuelled vehicles.	
Finance and Treasury			
Growth constrained by lack of access to capital/ financial resource.	• Motorpoint uses a selection of finance facilities to fund its operations including a stock financing facility secured against its retail vehicle stocks. • The Group has an uncommitted £6.0m overdraft and a £29.0m Revolving Credit Facility in place until May 2024. • A treasury policy and set of processes are in place to govern and control cash flow activities, including the investment of surplus cash. • Hedging arrangements are in place for foreign exchange transactions, and freight and energy prices are agreed in advance, to help mitigate volatility and aid margin management. • Forward looking cash flow forecasts and covenant tests are prepared to ensure that sufficient liquidity and covenant headroom exists.	• Actions continue to improve controls around stock and cash management, including controls around stock purchasing and forecasting. • Further strengthening financial position of the Group through increased stocking facilities and revolving credit facility.	

Principal risks and uncertainties continued

Risk and impact	Mitigating controls	Progress made in FY22	Dynamic Risk Assessment
IT Systems, Data and Cyber Security			
Operations impacted by failure to develop technology to support the strategy, lack of availability due to cyber attack or other failure, and reputational damage/ fines due to loss of personal data.	• Formal IT governance processes in place to cover all aspects of IT management. • Changes to IT services are managed through a combination of formal programmes for large and complex programmes, or bespoke iterative development methodologies for smaller scale changes. • A detailed IT development and security roadmap is in place, aligned to strategy. • Comprehensive third party support in place for relevant technologies. • Business continuity in place for all major systems and applications. • Regular vulnerability scans, annual penetration testing with systematic methodology to treat identified threats. • Business process, authorisation controls and access to sensitive transactions are kept under review.	• Significant investment in digital transformation is underway, upgrading and replacing legacy systems. • Ongoing actions in respect of network refresh programme, hardware refresh programme and strengthening our change management controls. • Strengthened, renewed and thoroughly socialised data protection policy.	↑
Regulatory and Compliance			
Fines, damages claims, and reputational damage could be incurred if we fail to comply with legislative or regulatory requirements, including consumer law, health and safety, employment law, GDPR and data protection and the Bribery Act. The Company also has various FCA permissions to carry on a range of regulated insurance and consumer credit activities from which it derives income. There is a risk that increased regulation or restrictions on the sales process or nature of these products would restrict the income available to the Company.	• Operational management are responsible for liaising with the Company Secretary and external advisers to ensure that new legislation is identified, and relevant action taken. • Training on the requirements of the Bribery Act and anti money laundering policies are in place for all relevant colleagues and policies are communicated to all suppliers. • Whistleblowing procedure and independently administered helpline which enables colleagues to raise concerns in confidence.	• Expanded and renamed 'Group Risk and Compliance Committee' ensuring robust regular oversight and review of compliance matters by the SLT. Continued to conduct horizon scanning processes to identify changes in regulatory expectations. • Strengthened, renewed and thoroughly socialised data protection policy.	↔

Dynamic Risk Assessment

↑ Increasing ↓ Decreasing ↔ Stable

Risk and impact	Mitigating controls	Progress made in FY22	Dynamic Risk Assessment
People and Culture			
The success of the business could be impacted if it fails to attract, retain and motivate high calibre colleagues. Maintaining and evolving the culture of our business (embodied in our shared values) is essential to delivering our strategy and ensuring the long term sustainability of our business.	• The composition of the Executive team is regularly reviewed by the Board to ensure that it is appropriate to deliver the growth plans of the business. • Succession plans and appraisals are in place across the Group. • Shared values describe and embed our culture. • The Group's Remuneration Policy detailed in this report is designed to ensure that high calibre executives are attracted and retained. Lock in of senior management is supported by awards under the Long Term Incentive Plan.	• Mark Carpenter, CEO, appointed as a patron of the 'Automotive 30% Club' which focuses on improving gender balance and diversity and inclusion in the motor industry. • Further discount offered this year (20%) for the annual Sharescheme programme to all employees. • Increased Group Board focus on Board and Executive team succession and talent management. • Materiality assessment conducted by Bright Space Communications concluding on key environmental, social and governance themes considered most important by our employees, wider industry trends and global matters. • Actions in respect of organisational design review are continuing.	↔
Health, Safety and Welfare			
The risk that accidents, hazards or incidents are caused by unsafe practices at work, resulting in injury or death to customers, employees or third parties.	• Health and safety training for all new starters, with additional role specific training for employees in branches. • Implemented incident management processing to ensure major incidents are dealt with appropriately and problems are logged and actively progressed to resolution. • Undertake risk and control assessments to monitor compliance. • Continually monitor our mandatory regulatory training to ensure that all colleagues are kept informed. • Ensure that incident reporting including lessons learnt exercises take place to meet health and safety obligations. • Incidents are reported online, via a reporting tool. Line management deal with minor incidents. Major incidents are escalated to the Senior Leadership Team who are supported by PIB Risk Management ('PIB'). • Risk assessment is managed in the following ways: – line management on the branches have a number of online risk assessment checklists to verify the relevant controls are in place; and – higher level risk assessments are carried out on workshop activities by PIB including Hand Arm Vibration and Control of Substances Hazardous to Health. The Group Compliance Manager also carries out higher level risk assessments covering branch transport safety, gates and barriers as well as fire risk assessment.	• Ongoing actions from six monthly insurance inspections of the Lifting Operations and Lifting Equipment Regulations and periodic inspection and maintenance under Provision and Use of Work Equipment Regulations. • Ongoing actions from incident reporting included within monthly Board submissions and also discussed within monthly Operations Manager Health and Safety Governance including deep dive into causations, issues arising/lessons learnt and best fit solutions. • Ongoing actions from strengthened and enhanced Fire Risk Assessment conducted across all branches in FY22.	↔

Non-financial information statement

In accordance with section 414CB of the Companies Act 2006, the sections cross referred to in the table below are incorporated into this non-financial information statement.

Environmental matters

Stakeholder engagement: community and environment	Read more / page 34
Streamlined Energy and Carbon Reporting	Read more / page 39
Energy efficiency actions	Read more / page 37
Going green	Read more / page 36

As part of this year's SECR, we have established an Environment Social and Governance Committee. In addition our talent team are working on business projects focused on improving the sustainability of the business and our impact on the environment.

Related principal risk: Brand and Reputation; Regulatory and Compliance	Read more / pages 61, 64

Company's employees

At a glance	Read more / page 48
Our operating model begins with our team	Read more / page 2
Our Core values	Read more / page 48
Our Stakeholders	Read more / page 32
Winning Culture	Read more / page 47
Supporting employee wellbeing	Read more / page 52

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

Related principal risk: People and Culture; IT Systems, Data, and Cyber Security	Read more / pages 64, 65

Social matters

Investing in our communities	Read more / page 50
Supporting great causes	Read more / page 50
Anti corruption and anti bribery matters	Read more / page 53

Related principal risk: Brand and Reputation; Economic Vulnerability; Regulatory and Compliance	Read more / pages 61, 63, 64

Respect for human rights

Real living wage	Read more / page 19
Modern slavery	Read more / page 53
Treating customers fairly	Read more / page 53

Related principal risk: Brand and Reputation; Regulatory and Compliance People and Culture	Read more / pages 61, 64, 65

Anti corruption and anti bribery matters

Whistleblowing hotline, anti corruption and anti bribery	Read more / page 53

Related principal risk: Regulatory and Compliance	Read more / page 64

Investment case

Read more / page 3

Non-financial KPIs

Read more / page 23

Business model

Read more / pages 4, 5

Governance

Board of Directors

Experienced management team delivering excellence.

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

Mark Carpenter
Chief Executive Officer

Chris Morgan
Chief Financial Officer

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

Adele Cooper
Independent Non-Executive Director

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

	John Walden	Mark Carpenter	Chris Morgan	Mary McNamara	Adele Cooper	Keith Mansfield
Appointment	January 2022	April 2016	January 2021	May 2016 (appointed as Senior Independent Director in October 2016)	March 2020	May 2020
Background and career	John has held prior roles including chair of Naked Wines plc, chair of the Jersey parent company of Holland & Barrett International, and non-executive director of Celine Jersey Topco Ltd, the Jersey holding company of Debenhams. John was also an executive director at FTD Companies. John served as CEO of Argos and its parent company Home Retail Group plc, and he has held several senior roles with Best Buy Co. including EVP and president of the internet division. John has been a driving force in omnichannel and consumer driven retailing, as well as leading digital and transformational change, both in the UK and US.	Mark was appointed as Chief Executive Officer in May 2013 following two years as CFO, and has 18 years' experience in motor retail. Mark was previously Finance Director of Sytner Group Limited from 2005 to 2010. Prior to this, Mark was with Andersen, where he qualified as a Chartered Accountant.	Chris was appointed Chief Financial Officer in January 2021. Chris was formerly group finance director at Speedy Hire Plc. Prior to this Chris held senior finance leadership positions at Go Outdoors and Tesco, where he was latterly the finance director for the Czech Republic and Slovakia. Chris is a Fellow of the Institute of Chartered Accountants in England and Wales.	Mary was CEO of the commercial division and board director of the Banking Division at Close Brothers Group Plc. She spent 17 years with GE in a number of leadership roles, including CEO of the European Fleet Services business. Mary has also spent time with Skandia and 14 years at Harrods.	Adele has extensive marketing and senior leadership experience, having worked at some of the world's leading technology companies, most recently at Pinterest from June 2015 to December 2019. While at Pinterest, Adele was responsible for the UK and Ireland, overseeing strategic, commercial and operational management. Prior to this, Adele has been with Facebook and Google in a lead global relationship role and a variety of regional and global lead roles in marketing and operations.	Keith was appointed to the Board of Motorpoint Group Plc as Independent Non-Executive Director in May 2020. A Chartered Accountant by background, Keith brings extensive accountancy experience, having worked at PwC for over 30 years, during which time he served as Chair of PwC in London responsible for assurance, tax and advisory services. As a partner for 22 years, he has led services to public and private companies across a range of industry sectors.
External roles	Since March 2021, John has been the chair of SnowFox Topco Ltd, the Guernsey topco responsible for Yo Sushi. John is also a partner in Inversion LLC.	None	None	Chair of the remuneration committee and member of the nomination and governance committee of OSB Group plc.	Adele is Chief Revenue Officer at &Open and also a non-executive director of Conjura Ireland Limited.	Keith is the senior independent director of Tritax Eurobox plc, where he chairs the audit committee and is a member of the management engagement committee and nomination committee. Keith is also the senior independent director and chair of the audit committee of Digital 9 Infrastructure plc, and Chair of Albemarle Fairoaks Airport Limited.

Committee membership key
- Audit Committee
- Remuneration Committee
- Nomination Committee
- ESG Committee
- Committee Chair

Introduction to governance

Chair's introduction

Dear Shareholder

I am delighted to present my first Corporate Governance review for Motorpoint. The aim of this report is to explain Motorpoint's governance framework and outline how it was applied on a practical basis in the year under review – a year that has continued to be hugely challenging due to the COVID-19 pandemic and one that has required great adaptability, resourcefulness and governance strength in depth.

The Board's role in setting the Group's culture and core values is a significant one, and understanding the work being undertaken in this area has been a priority for me since being appointed. I have had in depth conversations with Mark Carpenter and the rest of the Board to understand how all Board members have given their time to supporting the management team, in various capacities, across the last year and formulating our plans for continuing to do so in FY23. FY22 has shown that this best enables a culture across the Group of agile decision making and speed of reaction to events, whilst maintaining the innovative drive that has been the hallmark of Motorpoint's success to date. I am very proud of the work which has been carried out throughout FY22 on employee wellbeing and the top down engagement with staff, which will ultimately lead to a better, more open working environment.

As a Board, we are conscious that we are accountable to all our shareholders and must have regard to other stakeholders such as employees, customers, suppliers and the environment. We maintain an active dialogue with shareholders throughout the year and listen to views of representatives of investors and financial institutions. We also welcome the opportunity to answer shareholders' questions at our 2022 Annual General Meeting ('AGM').

Board meetings have continued to be conducted in a hybrid format. This format has allowed for greater flexibility, and we will continue to operate in this way in the coming year.

ESG

We are committed to an ESG agenda which aims to exceed our stakeholders' expectations. The past year has accelerated expectations for all companies to make good progress in this area, and to support our work in this area we have formed an ESG Committee to develop, implement and monitor our ESG strategy. This committee will also be responsible for overseeing and supporting stakeholder engagement on ESG matters.

Board changes

The only change to the Board over the past year relates to my appointment as Chair on 10 January 2022, following the retirement of Mark Morris.

Biographies for each of the current Directors are set out on pages 68 and 69. The progress in talent development and diversity can be found on page 80.

Compliance statements

Throughout the year ended 31 March 2022, the Company has complied with the provisions as set out in the 2018 Corporate Governance Code (the '2018 Code') (a copy of which is available on the Financial Reporting Council's website at www.frc.org.uk) in all respects.

Our effectiveness

Every year we perform a review of the effectiveness of the Board. The findings show that the work we do as a Board and in our committees continues to be effective. Our review also confirmed that our focus in the coming year should continue to be on strategy, stakeholder engagement and ensuring strong, consistent governance practices.

Board priorities

Our priorities for next year are very much focused around building rapid but sustainable growth in the Group and delivering on our strategic plan with a strong governance underpin.

John Walden
Chair
15 June 2022

Corporate governance report

Board leadership and purpose

The role of the Board

The Board sets the Company's strategic aims and ensures that the necessary resources are in place to allow the Company's objectives to be met, in a way that enables sustainable long term growth. It is also responsible for corporate governance and the overall financial performance of the Group. The Board establishes the Company's culture, values and ethics and it is important that the correct 'tone from the top' is set, with all Directors being required to devote sufficient time to their role.

The current Board composition is the Chair, three independent Non-Executive Directors and two Executive Directors.

Roles and responsibilities

The Chair's role

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

The Board is satisfied that the Chair fulfils his responsibilities of enabling the Board to make sound decisions.

Chief Executive Officer's role

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

Chief Financial Officer's role

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

The Executive Directors (being the CEO and the CFO) attend committee meetings by invitation of the committee chair where appropriate.

Senior Independent Director's role

The Senior Independent Director – currently Mary McNamara – acts as a sounding board to the Chair and serves as an intermediary for the other Directors when necessary. The Senior Independent Director is available to shareholders to assist with addressing concerns that may arise and meets with the other Non-Executive Directors (excluding the Chair) at least once a year to review the performance of the Chair. This year, in compliance with the 2018 Code, Mary McNamara served as Acting Chair of the Nomination Committee when the decision to recommend the successor to the incumbent Chair of the Board and of the Nomination Committee was made.

The Senior Independent Director also typically meets with Non-Executive Directors without the Chair present at least annually and conducts the annual appraisal of the Chair's performance and provides feedback to the Chair on the outputs of that appraisal. Because our new Chair, John Walden, was appointed in the fourth quarter with little opportunity for feedback, this appraisal was not conducted in FY22. However, all Directors have the ability to raise any relevant views which they have with the Senior Independent Director if they feel this is warranted.

Independent Non-Executive Directors

The Non-Executive Directors bring independence, along with a broad mix of business skills, knowledge and experience to the Board. They provide an external perspective to Board discussions and are responsible for the scrutiny of the executive management on behalf of shareholders. The Non-Executive Directors constructively challenge Board discussions and help develop proposals on strategy. At least annually, the independent Directors meet without the presence of the Executive Directors.

The Board assessed its Chair, John Walden, as independent on appointment. John has no prior history with the Company and following an independence assessment prior to his nomination, the Board confirmed his independence.

Non-Executive Directors monitor the reporting of performance and ensure that the Company is operating within the governance and risk framework approved by the Board.

Corporate governance report continued

The Company Secretary's role

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

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

Matters reserved for the Board

In order to retain control of key decisions and ensure that there is a clear division of responsibility between the Board and the day to day running of the business, the Board has a formal schedule of matters reserved for its decision. These reserved matters include financial reporting, investment appraisal and risk management. The matters were reviewed by the Board during 2020 to ensure they were aligned with the 2018 Code, and will be reviewed again in July 2022.

Board committees

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

- Audit Committee (p.75)
- Nominations Committee (p.79)
- Remuneration Committee (p.82)

Board focus during the year

The Board holds a number of scheduled meetings each year, including a strategy day which is usually held off site. Most meetings in FY22 were held via teleconference due to the COVID-19 pandemic, however where permitted, the Company did hold some in person this year.

Key areas of focus during the year were:

Strategy

- In April 2021, the Board adopted a new strategic plan prompted by the rapid change in the car retail environment which included a changing landscape of how customers choose to buy cars. The Board reviewed progress against this plan regularly during the course of the year
- Investor relations and communications
- Strategic growth opportunities such as the opening of new branches, technology and marketing investment, efficiencies and exploration of other growth opportunities

Financial

- Approved the full year results announcement and the Annual Report for the 2021 financial year. In doing so, the Board considers that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the group's and company's position, performance, business model and strategy
- Continued suspension of the payment of any dividends
- Renewal and increase in stock financing and banking facilities with Lombard, Black Horse and Santander
- Budget for FY23
- Half year results, full year results and trading updates
- Review of Group cash position and forecasting
- Monthly performance reporting and review

Internal control and risk management

- Performed the annual review of the effectiveness of internal control, risk identification and mitigation
- Carried out a robust assessment of the emerging and principal risks facing the Group. Further information on these principal risks, the procedures in place to identify emerging risks and how these are being managed or mitigated can be found on pages 61 to 65
- Approved the Viability Statement as disclosed in the Annual Report 2021, which sets out that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years
- Through the Audit Committee, considered and approved the adoption of the going concern basis of accounting in preparing the half and full year results
- Through the Audit Committee, made an assessment of the Group's prospects over a three-year period
- Through the Audit Committee, the Company's first in house Head of Internal Audit and Risk was appointed in November 2021
- Through the Audit Committee, approved a new related parties transactions policy and process

People, talent and culture

- Appointment of a new Non-Executive Chair and Chair of the Nomination Committee
- Succession planning and talent development for all senior roles
- Reviewed the results of the engagement survey
- Considered general employee wellness in light of the pandemic
- Ensured safe and comfortable working environments
- Reviewed and approved amendments to the Company's all employee share plans (Sharesave; SIP)
- Through the Remuneration Committee, approved an increased discount (to the HMRC maximum of 20%) of the option price under the Company's HMRC approved Sharesave scheme open to all employees

Governance, compliance and ethics

- Approved AGM business such as the Notice of Meeting and related ancillaries
- Reviewed the internal Board evaluation process
- Assessed the independence of all Directors
- Through the Remuneration Committee, introduced policies on the granting and vesting of equity awards and on bonuses
- Began the process of establishing an ESG Committee
- Approved the Modern Slavery Act statement, available on the Company's website www.motorpointplc.com

Board independence and appointment terms

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

The former chair, Mark Morris, and the CEO, Mark Carpenter, own approximately 9.6% and 9.8% respectively of the shares of the Company. Both Mark Morris and Mark Carpenter were considered by their fellow Directors to be independent in character and judgement in performing their respective duties during the periods of their tenure in the year. Mark Morris is no longer on the Board, but the Board is fully confident that, in the very unlikely event of a conflict emerging between Mark Carpenter's duties as a Director and his interests as a shareholder, he would absent himself from the Board discussions in question (and the Board would ensure that he does so).

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

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

Board meetings

The Board met regularly to discharge its duties effectively and held additional conference calls between the scheduled meetings as and when circumstances required. Directors are provided with meeting papers approximately one week in advance of each Board or committee meeting. Members of the Senior Leadership Team are regularly invited to attend Board meetings to present on their specific area of responsibility.

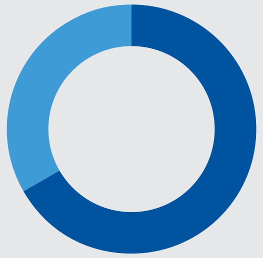
Board and committee attendance FY22

The Board has regular scheduled meetings throughout the year. Directors' attendance at Board and committee meetings during the year is outlined below:

Director	Board (14 meetings)	Audit Committee (3)	Nomination Committee (4)	Remuneration Committee (4)
Mark Carpenter	14	–	4	–
Chris Morgan	14	–	–	–
Mark Morris (resigned 10 January 2022)	11/11	–	4	–
John Walden (appointed 10 January 2022)	3/3	–	–	–
Mary McNamara	14	3	4	4
Keith Mansfield	14	3	4	4
Adele Cooper	14	3	4	4

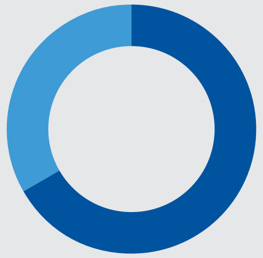
Corporate governance report continued

Composition of the Board



INED/Executive split

- INED 4
- Executive 2



Male/Female Split

- Male 4
- Female 2

Annual General Meeting

The 2022 AGM will be held on 27 July 2022. Based on current guidelines issued by the UK Government it will be possible to hold this year's AGM in person, with shareholders present. However, given the constantly evolving nature of the situation in relation to the COVID-19 pandemic, shareholders are strongly encouraged to appoint the Chair of the meeting as their proxy and submit their voting instructions electronically in advance of the Meeting.

The Notice convening the 2022 AGM will be circulated to shareholders separately, along with details on how shareholders can still raise questions to the Board in advance and follow the proceedings of the AGM remotely. We will ensure that shareholders are kept informed using the Notice of Meeting, our website, and relevant regulatory announcements in due course.

Conflicts of interest

The Company's Articles of Association, in line with the Companies Act 2006, allow the Board to authorise any potential conflicts of interest that may arise and impose limits or conditions as appropriate.

The Board has a formal process for the Directors to disclose any conflicts of interest and any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Director(s) voting or without their votes being counted. In making such a decision, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Group.

Independent advice

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

Board training and development

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

Directors received briefings from the Company Secretary during the year on governance and compliance matters and relevant legislative changes.

Relations with shareholders

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

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

John Walden
Chair
15 June 2022

Audit Committee report

Audit Committee Chair's Statement

"Risk management and internal control continues to be a priority topic for the Group, ensuring Motorpoint can respond with pace and robustly to economic uncertainty and the residual effects of the pandemic. Risk management processes have been further strengthened in the year and the internal audit function has been successfully expanded representing the achievement of key objectives in respect of risk and internal control for the Group."

Keith Mansfield
Audit Committee Chair

Committee Governance

Committee membership

During the year the Committee comprised:

Keith Mansfield (Chair)

Adele Cooper

Mary McNamara

The Committee met three times during the year and attendance is set out in the table on page 73.

Dear Shareholder

I am pleased to present the report of the Audit Committee (the 'Committee') for FY22. The principal purpose of this report is to look back over the financial year ended 31 March 2022 and describe the Committee's responsibilities and activities during the year.

The Committee fulfils an important oversight role, monitoring the effectiveness of the Group's system of internal control and risk management framework and reviewing the integrity of the Group's financial reporting. The principal role of the Committee is to assist the Board in fulfilling its oversight responsibilities in relation to financial reporting and financial controls.

As Chair of the Committee, my principal objective is to ensure the soundness and effectiveness of the Group's systems and controls. Risk management and internal control continues to be a priority topic for the Group, ensuring Motorpoint can respond with pace and robustly to economic uncertainty and the residual effects of the pandemic. Risk management processes have been further strengthened in the year and the internal audit function has been successfully expanded, representing the achievement of key objectives in respect of risk and internal control for the Group.

We are aware of the recommendations made by Lord Brydon in his report of the independent review into the quality and effectiveness of audit' and continue to monitor developments in relation to the proposed Audit, Reporting and Governance Authority ('ARGA'). Our future assurance plans embrace these recommendations and include formalising our first audit and assurance policy, which will set out our three-year strategy over audit and assurance for the Group. The new policy is currently in the planning phase and is set to be reviewed by the Audit Committee in FY23.

Audit Committee report continued

The impacts of COVID-19 were significantly reduced during the year and the future possibilities of lockdowns, restrictions and mandatory isolation periods, all of which could impact the operations of the Group, appear to be reduced. This has represented an opportunity for renewed focus on strategic risks and objectives. The Group now has regular third line assurance work performed, provided by the work of the newly expanded internal audit function.

I would like to thank my colleagues on the Committee for their contribution during this year and extend my thanks to our colleagues within the business who have contributed immensely towards the successful navigation through a year with continued operational challenges and uncertainty.

Committee composition and membership

The Committee currently comprises three independent Non-Executive Directors.

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

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

The Committee met three times during the year and attendance is set out in the table on page 79.

The Board believes that the members of the Committee as a whole have competence relevant to the sector in which the Group operates, gained from their respective external roles, previous and present. Biographical details of Committee members are set out on pages 68 and 69.

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

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

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

Role of the Committee

The role and responsibilities of the Committee are set out in its terms of reference which are available on the Company's website motorpointplc.com. The key objectives of the Committee are to review and report to the Board and shareholders on the Group's financial reporting, internal control and risk management systems, and on the independence and effectiveness of the external auditor.

Further details on the responsibilities of the Committee are as follows:

- Monitor the financial reporting process including the review of the integrity of the financial statements of the Company, including its annual and half year financial results. Other formal announcements relating to financial performance or financial information contained in certain other documents is reviewed by the Board and therefore not specifically discussed by the Committee;
- Review and assess the Annual Report in order to determine whether it can advise the Board that, taken as a whole, the Annual Report is fair, balanced and understandable, and provides shareholders with the information they need to assess the Company's position, performance, business model and strategy;
- Review reports from the internal audit function;
- Monitor the statutory audit of the annual and the consolidated financial statements;
- Review significant financial reporting issues;
- Recommend to the Board the reappointment of the external auditor and approve their remuneration and terms of engagement; and
- Monitor and review the external auditor's independence and objectivity and the effectiveness of the external audit process, including considering relevant UK professional and regulatory requirements and the appropriateness of the provision by the auditors of non-audit services.

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

Activities

The Committee reviewed the following items since the last report:

- Annual Report and Accounts to 31 March 2022 and half year results to 30 September 2021;
- Chair met and had discussions with PwC as part of the audit process;
- External audit plan and review of effectiveness;
- Non-audit services policy ('NAS') and reached a general presumption that PwC is not best placed to offer NAS so as to safeguard their independence;
- The Group's prospects (going concern and viability);
- Tax and treasury policy;
- Corporate risk assessment including review of the key risks, risk management activities and emerging risks;
- Findings from the external auditor on the FY22 year end audit;
- Findings from initial risk assessments performed by internal audit and the internal audit plan for FY23; and
- Considered the letter from the Financial Reporting Council's review of the 2021 Annual Report, which did not identify any notable concerns. Some minor observations were raised which have been addressed in this year's report.

Financial reporting

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

- Clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- Areas in which significant judgements have been applied, including discussions with appropriate challenge on such matters undertaken with the external auditors; and
- Whether the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The statement incorporating the conclusion of this assessment is included later in this section.

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

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

In the preparation and final approval of the financial statements, the Committee discussed with management the key sources of estimation and critical accounting judgements. The Committee considered the following significant issues in relation to the FY22 financial statements:

- Inventory Valuation: Inventory is valued at the lower of cost and net realisable value. Margins on vehicles have increased in FY22 due to a global shortage of semiconductors resulting in a reduction of the supply of new vehicles, this in turn has pushed demand, and therefore price, up for used cars. There is a risk that the solving of supply shortages could lead to selling prices reducing below cost and so require a provision against inventory cost. A provision is included based on historical and forecast sales and potential net realisable value. The Committee is comfortable based on performance subsequent to the year end that the level of inventory provision is appropriate.

Annual Report

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

In doing this the Committee considered the following:

- the description of the business is consistent with the Committee's own understanding;
- the narrative of the strategic report fairly reflects the performance of the Group over the period reported on;
- that there is a clear and well articulated link between all areas of disclosure including going concern and viability; and
- the findings from the external auditor as part of the FY22 year end audit.

All relevant issues relating to the Annual Report were fully discussed at the Committee meeting in June 2022.

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

Going concern and viability statement

The Company is required to include statements in its Annual Report relating to going concern and viability. The Committee reviewed and discussed a report from management and concluded that the financial statements can be prepared on a going concern basis and that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years.

The Directors assessed the prospects of the Group over a three-year period, which reflects the budget and planning cycle adopted by the Group. The assessment of the Group's prospects, together with the Group's going concern and Viability Statement, are set out on pages 103 and 60 respectively of the Corporate Governance report.

Audit Committee report continued

Internal audit

A Head of Internal Audit and Risk was appointed in November 2021 following the FY21 decision that the structure of the function should be expanded. At each meeting, the Committee receives a report from internal audit detailing the findings from completed reviews conducted during the period, including the status of agreed management actions to strengthen internal controls.

The initial focus for the function has been to:

- conduct a series of risk assessments across the Group;
- developing a risk based audit plan to provide third line assurance over the effectiveness of the Group's internal controls; and
- conduct assurance work per the risk based plan.

The internal audit approach has been reviewed by the Committee, with the audit plan approved in January 2022 which is to be delivered throughout FY23.

External auditor

Independence

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

In accordance with the Auditing Practices Board standards, the lead audit partner at PwC will be rotated every five years to ensure continuing independence. Mark Skedgel, the current audit partner, assumed this responsibility for the year ended 31 March 2020.

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

External auditor effectiveness

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

- The terms, areas of responsibility, duties and scope of work of the external auditor as set out in the engagement letter are reviewed at the Committee meetings;
- The Committee discusses and agrees at the planning stage the draft list of specific risks to audit effectiveness and quality (specific audit quality risks);
- The Committee assesses audit planning work in respect of specific audit quality risks;
- The narrative of the Strategic Report fairly reflecting the performance of the Group over the period reported on;
- All Committee members, key members of management, and those who regularly provide input into the Committee provide feedback on how well PwC performed the year end audit; and
- The feedback and conclusions are discussed, along with the conclusion regarding specific audit risks, with an overall conclusion on audit effectiveness reached. Any opportunities for improvement are brought to the attention of the external auditor.

The Committee concluded that PwC provided an effective, independent and objective audit and that the Committee was therefore satisfied that it had obtained a high quality audit. The Committee agreed to recommend to the Board the reappointment of PwC as the Group's external auditor and a resolution to this effect will be proposed at the 2022 AGM.

Non-audit services

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

There were no non-audit fees for the year ended 31 March 2022.

Keith Mansfield
Audit Committee Chair
15 June 2022

Nomination Committee report

Nomination Committee Chair's Statement

Committee Governance

Committee membership and attendance

During the year the Committee comprised:

Mark Morris
(Chair until 10 January 2022)

John Walden
(Chair from 10 January 2022)

Adele Cooper

Keith Mansfield

Mark Carpenter

Mary McNamara

The Committee met four times during the year and attendance is set out in the table on page 73.

Dear Shareholder

I am pleased to present the report of the Nomination Committee (the 'Committee') for FY22. Typically, this report would be presented by the Committee's Chair, but since the most important work of the year related to the change of the chair, as Senior Independent Director and in keeping with the spirit of the 2018 Code, it is my pleasure to present the report this year. I would like to take the opportunity, on behalf of the Board, to place on record our thanks to Mark Morris for his work with the Board and leadership of Motorpoint from 2011 to 2022.

The Nomination Committee keeps under regular review the structure and composition of the Board and its committees and ensures that the Board has the appropriate balance of skills, expertise and experience to support the Company and ensure the appropriate corporate governance standards and practices are in place.

In FY22, the Committee continued to focus on ensuring that the Board is composed of members with the appropriate balance of skills, expertise and experience to support the Company and ensure the appropriate corporate governance standards and practices are in place. This included the search for and recommendation of our new Chair of the Board and of the Nomination Committee, John Walden.

The Committee regularly reviews the diversity of the Board, its committees and senior management, as part of the Board evaluation process. Issues of diversity and inclusion are considered by the Board directly due to their significance and importance within the business. I believe the Company will be more successful if it creates an inclusive and supportive culture where every individual, of any identity, from any background, feels they can be their authentic self at work. Further details on diversity within the business can be found within the Strategic Report on pages 49 and 50.

The Committee carried out an internally facilitated review of its effectiveness and the output was discussed by the Committee. This concluded that the Board was operating effectively. The Committee will also oversee any new diversity and inclusion initiatives for FY22.

All Directors are subject to election or re-election to the Board by shareholders on an annual basis at the Company's AGM.

The Chair, on behalf of the Board, has confirmed each Director continues to be an effective member of the Board and will stand for election or re-election at the 2022 AGM.

Nomination Committee report continued

Committee responsibilities

The Committee is responsible for:

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

The Committee has formal terms of reference which are available on the Company's website motorpointplc.com.

Activities of the Committee

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

- Oversaw the appointment of the new Chair of the Board and of the Nomination Committee; and
- Supported the Executive team in considering strategic hires of senior executives in light of the changing industry landscape, including the appointment of a first ever Chief Digital Officer in February 2022.

Chair recruitment process

The Nomination Committee oversaw the search and appointment of a new Chair to replace Mark Morris who announced in November his plan to retire from the Company in January 2022. The process, which was agreed in advance by the Committee, was thorough and inclusive. An external search led by digital executive search firm, The Up Group, was followed by an interview process which gave the Non-Executive Directors the opportunity to meet shortlisted candidates.Following the interviews, the Nomination Committee met to discuss feedback on each candidate and was unanimous in its final selection and recommendation to the Board that John Walden be appointed as Chair of the Board and of the Nomination Committee with effect from 10 January 2022.

Composition of the Board as at 31 March 2022

INED/Executive split

Chair	1
INED (excluding the Chair)	3
Executive	2

Male/female split

Male	4
Female	2

Diversity and inclusion

The Board recognises the importance of diversity and inclusion in the boardroom and seeks to recruit Directors with varied backgrounds, skills and experience. Appointments are made on merit and against objective criteria, taking account of the skills, experience and expertise of candidates.

At the year end there were two female members of the Board, representing 33% of the Board, which meets the 33% target for FTSE 350 boards set by the Hampton-Alexander Review. The Board aims to retain or improve this level in the future and look to improve on other areas of diversity too, including ethnicity and the recommendations set out by the Parker Review.

The Board's composition and size is kept under review by the Nomination Committee in order to retain an appropriate balance of skills, experience, diversity and knowledge of the Group. The Board also recognises the importance of diversity and inclusion at senior management level. The Group's Senior Leadership Team, who are direct reports to the CEO, is made up of seven members including the CEO and CFO. There are 43 direct reports to the Senior Leadership Team for the purposes of Hampton-Alexander Reporting. Information on initiatives on diversity and inclusion can be found in the People section of the Strategic Report on page 49.

2022 Board and Committee Effectiveness Review

The Board undertakes a formal evaluation of its performance, and that of each Director, on an annual basis. The principal committees of the Board undertake an annual evaluation of their effectiveness, in accordance with their terms of reference. In early 2022, an internally facilitated evaluation of the Board and its committees, which took the form of a questionnaire, was circulated to the relevant Board members. The questionnaire sought input on a range of matters including composition and diversity of the Board, senior leadership succession, review of strategic plans and the adequacy of the information in Board papers.

The results of the internal review were circulated to members of the Board and its recommendations were discussed and adopted at the March 2022 Board meeting. A number of actions were identified as set out in the below table.

Issue/Recommendation	Action
Stakeholder engagement	Stakeholder engagement will be further enhanced through the development of a structured and suitable programme of events, meetings and/or forums to ensure regular, quality dialogue between the Board and stakeholders. Specific focus will be given to understanding stakeholder views on ESG matters to ensure alignment with the Company's ESG strategy. The Board will regularly review the list of identified stakeholders to ensure it remains relevant.
Company secretarial support	The Company Secretary has had varying levels of interim company secretarial support through the year. The level of support required will be monitored to ensure good governance practices are consistently followed.
Quality of Board papers	The new Chair and Company Secretary to review the information provided in operational reports to ensure that the quality of Board papers addresses the appropriate topics and has sufficient level of detail. A new format will be introduced for all Board papers to clearly identify the purpose and the ask of Board members in each case.
Externally facilitated Board evaluation	External Board evaluation to be sought during FY23.

The Board is satisfied that each Director continues to contribute effectively to the Board and the Board's committees.

Election or re-election of Directors

In compliance with the 2018 Code, all of the current Directors will stand for re-election at the forthcoming AGM. In addition, John Walden will stand for first election at the AGM. Following the annual evaluation of the Board and its committees, and the recruitment process for John Walden, the Board has determined that all Directors standing for election or re-election at the AGM continue to be effective, hold recent and relevant experience and continue to demonstrate commitment to the role.

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

Mary McNamara
Senior Independent Director
On behalf of the Nomination Committee Chair
15 June 2022

Remuneration Committee report

Remuneration Committee Chair's Statement

Committee Governance

Committee membership

During the year the Committee comprised:

Mary McNamara (Chair)

Adele Cooper

Keith Mansfield

The Committee met four times during the year and attendance is set out in the table on page 73.

Dear Shareholder

I am pleased to present the Company's Directors' Remuneration Report for the financial year ended 31 March 2022.

Board changes

In January 2022, Mark Morris retired from the Board and stepped down from his role as Non-Executive Chair.

We were delighted that John Walden joined the Board as our Non-Executive Chair and Chair of our Nomination Committee on 10 January 2022. Recognising alternative opportunities open to John at the time of his joining Motorpoint, the Committee agreed to a first year fee of £300,000, £100,000 of which has been used to invest in Company shares, plus an annual fee of £200,000 per year, which will be the fee level after the first year. John has also agreed to purchase £200,000 worth of shares within the first year of joining, which he will hold for the duration of his tenure. He will receive no other fees.

Performance for FY22 and remuneration outcomes

Following the return to more normal trading conditions early in FY22, the Group enjoyed an excellent year, with internal targets being exceeded. In addition to financial measures, strong progress was made against strategic objectives, with three new branches opened, the development of the digital first car buying service and the upgrade of the Auction4Cars.com platform to operate as an automated marketplace. NPS (which measures customer satisfaction) was a record 84. As a consequence of these achievements, the Committee agreed that a significant majority of the eligible bonus (93.8%) relating to FY22 be paid.

Mark Carpenter's PSP award granted in July 2019 was subject to 50% on EPS growth targets and 50% on market share growth of 0-2 year old vehicles measured over the three-year period to 31 March 2022. Due to COVID-19, as well as other external influences, EPS grew by 2%, and market share fell by 7.2% (both based on compound annual growth rate). As a result of the threshold targets not being met, the award will lapse in full.

In accordance with our Executive Remuneration Policy, we encourage financial and operational performance and align the interests of Directors with the Company strategy through an annual bonus. Annual bonuses are payable at the sole of discretion of the Committee, which has the ability to adjust the formula driven outturn of the annual bonus calculation. Performance will normally be based on a mix of financial and operational measures aligned to the strategic objectives of the business.

The table below provides a summary of total remuneration for the Executive Directors for FY22.

	Salary (£'000)	Benefits (£'000)	Pension (£'000)	Bonus (£'000)	RSA (£'000)	Total (£'000)
Mark Carpenter	350	2	35	329	262	**978**
Chris Morgan	255	2	8	240	191	**696**

Performance targets were previously based on the Company's strategy of targeting the 0-3 year old car market. However, the reduced supply of new vehicles led the Company to revise its core offering to the 0-4 year old car market and thereby ensuring sustainable business growth. As such, it is deemed appropriate for performance targets in respect of the annual bonus to be aligned to this change and performance has therefore been measured against relevant thresholds for the 0-4 year old car market. The Committee is satisfied that the use of discretion has resulted in revised targets that are equally as challenging as the original targets set.

The Committee is comfortable that the Policy has operated as intended and that remuneration is appropriate taking into account the use of discretion for the annual bonus, the CEO pay ration for FY22 and the performance delivered during the year.

Application of the Policy for FY23

Salary increases for both Executive Directors will be in line with the increase for the workforce of 3% of salary.

The annual bonus opportunity will remain at 100% of salary and will be based on PBT, market share growth, customer satisfaction and employee engagement metrics. In addition, we will introduce an environmental metric based on sales of electric vehicles, and also set individual targets in line with the Company's strategic objectives, including as appropriate, relating to digitisation of the business and Auction4Cars.com.

Restricted Share awards will be made at 75% of salary level for both Executive Directors.

The Committee is kept aware of the latest developments in the executive pay arena, particularly those recommended by institutional shareholders and we monitor these closely. We believe that Motorpoint's approach to remuneration is appropriate and represents a fair balance between shareholder and management interests.

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

Consideration of pay conditions within the wider team

When making decisions on executive remuneration, the Committee takes into account pay conditions for the Company as a whole, although it has not, to date, consulted directly with employees on this subject. The Committee will review its approach to engaging with employees on remuneration matters and in particular to explain how the pay for senior executives aligns to the pay practices for the workforce generally.

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

However, there are some differences in the structure of the remuneration policy for the Executive Directors compared with other senior managers, which the Committee believes are necessary to reflect the different levels of responsibility. The two main differences are the increased emphasis on performance related pay for Executive Directors (through a higher variable pay opportunity) and a greater focus on long term alignment (through additional holding periods for the long term incentive awards and minimum shareholding guidelines).

In relation to share based incentives, senior managers participate in a Restricted Shares plan, with shares awarded linked to performance and service, which must be held for the long term.

The Board did not engage with the workforce in FY22 to explain the alignment between executive pay and that of the workforce generally but will review how best do so in the coming year.

Shareholder views

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

Shareholder feedback received in relation to the AGM, as well as any additional feedback received during the year, will be considered as part of the Company's annual review. Before any significant changes to the Policy are proposed, the Chair of the Committee will discuss these changes with the Company's major shareholders to ensure that the Policy remains supportive of their interests. The Committee consulted extensively in relation to the remuneration policy approved in 2020 and changes were made to incorporate shareholders' feedback and again in relation to the salary increase for the CEO.

Mary McNamara
Remuneration Committee Chair
15 June 2022

Remuneration policy

Directors' remuneration policy

This section of the report details the Remuneration Policy for Executive Directors. The Policy was approved at the 2020 AGM on 24 August 2020 and is effective for up to three years from this date. A copy of the Policy can be found within the 2020 Annual Report and Accounts at www.motorpointplc.com.

Compliance statement

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

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

Purpose and link to strategy	Operation	Performance Measurement	Maximum Opportunity
Base salary			
To aid the recruitment of Executive Directors of a suitable calibre for the role and to provide a core level of reward to reflect the duties required.	Base salaries will normally be reviewed annually by the Committee with any increases typically taking effect from 1 April each year.	Base salary levels are set at a level to reflect the experience, skills and responsibilities of the individual as well as the scope and scale of their role. Increases to base salary will reflect the performance of the individual and Company and external indicators such as inflation.	While there is no maximum salary, increases will normally be in line with the typical level of increase awarded to other employees of the Group. For details of the current base salary levels for the Executive Directors see page 97.
Benefits			
To provide a market competitive benefits package for the executives to aid recruitment and retention.	The benefits offered to Executive Directors comprise family medical insurance and company car. The Committee may offer an equivalent cash allowance instead if it feels it is more suitable. Other reasonable benefits may be offered as appropriate (including, in exceptional circumstances, relocation and/or disturbance allowances). Executive Directors may also be reimbursed for any reasonable expenses incurred in performing their duties, and any income tax payable thereon.	Not applicable.	There is no maximum limit on the value of the benefits provided but the Committee monitors the total cost of the benefit provision on a regular basis.
Pension			
To provide market competitive pension arrangements for the executives and to aid recruitment and retention.	Executive Directors are eligible for a contribution to the Group personal pension plan, or any other nominated personal pension fund. Where appropriate, Executive Directors may instead receive a cash allowance in lieu of formal pension contributions, or a combination of both.	Not applicable.	10% of base salary for the CEO. At the end of this policy period the pension contribution for all Executive Directors will reduce to the same percentage that applies to the majority of the workforce. The pension for the CFO, appointed in January 2021, is 3% of salary. For new appointments, pension contribution will be aligned to the contribution available to the majority of the workforce.

Purpose and link to strategy	Operation	Performance Measurement	Maximum Opportunity
Annual bonus			
To encourage improved financial and operational performance and align the interests of Directors with the short term Company strategy.	Executive Directors are eligible for bonuses, payable in cash, on an annual basis. Bonus payments are subject to the achievement of annual performance targets. Annual bonuses are payable at the sole discretion of the Committee. The Committee has discretion to adjust the formula driven outturn of the annual bonus calculation. All bonus payments are subject to appropriate recovery and withholding arrangements.	Performance will normally be based on a mix of financial and operational measures aligned to the strategic objectives of the business. Financial performance will usually be represented by PBT targets, although the Committee reserves the right to include other measures in support of the Company strategy as it sees fit. Stretching performance targets will be determined taking into account internal and external forecasts, and will be set out on a retrospective basis in the Annual Report on Remuneration, unless considered to still be commercially sensitive.	100% of salary.
Long term incentives – Restricted Shares			
To encourage improved financial and operational performance and align the interests of Directors with the long term Company strategy and the interests of shareholders through share ownership.	Restricted Shares will be granted to Executive Directors and selected Senior Managers. Awards will normally be granted following the publication of the Company's annual results each year. Restricted Shares may normally vest no sooner than 50%, 25% and 25% over three, four and five years from grant, subject to service, and subject to an underpinning financial performance condition. Awards are additionally subject to a post vesting holding period during which time vested shares may not be sold (other than for tax) before five years from grant. This holding period will continue post cessation of employment (to the extent that awards do not lapse). The Committee may determine that dividend equivalents will accrue over the vesting/holding period. Vesting of awards is at the sole discretion of the Committee and the Committee may reduce the level of the award after grant and at vesting, if it considers that it is appropriate to do so. Restricted Shares are subject to recovery and withholding arrangements.	In order for Restricted Shares to vest, the Remuneration Committee must be satisfied that business performance is robust and sustainable and that management has strengthened the business. In assessing this performance condition, the Committee will consider financial and non-financial KPIs of the business as well as delivery against strategic priorities. To the extent it is not satisfied that this performance condition is met, the Committee may scale back the level of vested awards including to zero. This performance assessment will take place at the end of the third year.	Normally 75% of salary. However, an individual maximum of 100% of salary may apply in exceptional circumstances.

Remuneration policy continued

Purpose and link to strategy	Operation	Performance Measurement	Maximum Opportunity
All employee share plans			
To align the interests of Directors and other employees with those of the shareholders through share ownership.	The Company has adopted employee share plans in which the Executive Directors are eligible to participate on the same terms as all other employees.	Not applicable.	In line with statutory limits.
Shareholding guidelines			
To align the interests of Directors with those of the shareholders through share ownership.	All Executive Directors are required to build and maintain a shareholding equivalent in value to 200% of their annual base salary. Until this guideline is met, Directors must retain half of any Restricted Shares that vest (after payment of tax and national insurance contributions). Post cessation of employment, Executives will be required to retain the lower of the shareholding requirement (200% of salary) or the actual shares they hold on cessation of employment for a period of two years. Any future purchases of shares by the Executives will be excluded from this requirement. The Committee has discretion to amend the requirement in certain circumstances as it considers appropriate.	Not applicable.	Not applicable.

Choice of performance measures

The Committee retains flexibility as to the choice of performance measures for future annual bonus and PSP award cycles. Measures will be selected as appropriate to reflect the business strategy and to ensure the delivery of sound financial performance. The current performance measures are disclosed in the Annual report on remuneration, together with the link to the business strategy.

Incentive plan operation

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

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

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

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

Remuneration Policy for Non-Executive Directors

The table below sets out how pay is structured for the Non-Executive Directors.

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

Remuneration policy continued

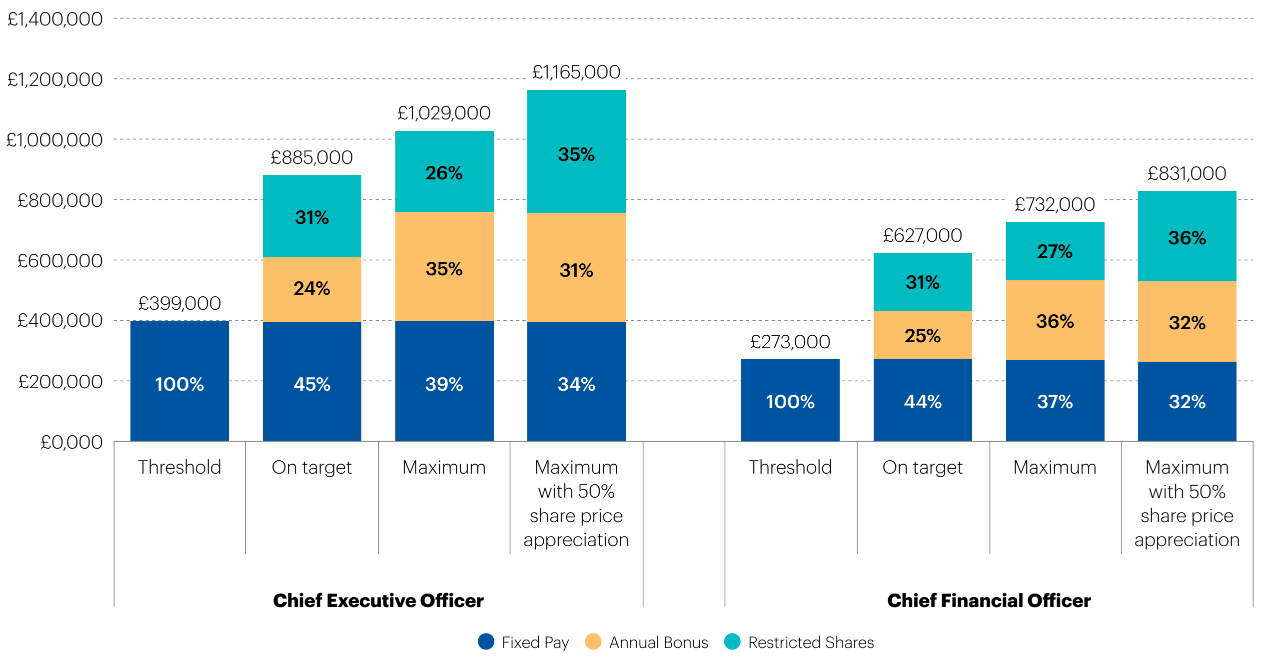
Reward scenarios

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

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

Salary levels are effective as at 1 April 2022, and the value for benefits is the cost of providing those benefits in FY22.

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



Approach to recruitment remuneration

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

- If it is considered appropriate to set the salary for a new Executive Director at a level which is below market, his or her salary may be increased in future periods to achieve the desired market positioning by way of a series of phased above inflation increases, subject to his or her continued development in the role.
- Any bonus payment for the year of joining will normally be pro-rated to reflect the proportion of the period worked, and the Committee may set different performance measures and targets, depending on the timing and nature of the appointment.
- The Committee recognises that it may be necessary in some circumstances to provide compensation for amounts forfeited from a previous employer ('buy out awards'). Any buy out awards would be limited to the value of remuneration forfeited when leaving the former employer and would be structured so as to be, to the extent possible, no more generous in terms of the key terms (e.g. time to vesting and performance targets) than the incentive it is replacing. Where possible any such payments would be facilitated through the Company's existing incentive plans, but, if not, the awards may be granted outside of these plans, as permitted under the Listing Rules, which allow for the grant of awards to facilitate the recruitment of an Executive Director.
- In the case of an internal appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its original terms or adjusted as considered appropriate to reflect the new role.

External directorships

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

Service contracts and payments for loss of office

The terms of Directors' service contracts and letters of appointments are set out below. All Executive Directors' service agreements and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office.

Director	Date of contract / letter	Date of expiry	Notice period by Company or Director
Executive Directors			
Mark Carpenter	12 May 2016	N/A	9 months
Chris Morgan	11 January 2021	N/A	9 months
Non-Executive Directors			
John Walden	10 January 2022	10 January 2025	3 months
Mary McNamara	14 May 2019	14 May 2022	3 months
Adele Cooper	6 March 2020	6 March 2023	3 months
Keith Mansfield	20 May 2020	20 May 2023	3 months

Remuneration policy continued

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

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

Annual report on remuneration

This part of the report has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 which amended The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and 9.8.6R of the Listing Rules. The Annual Report on Remuneration will be put to an advisory shareholder vote at our next AGM.

Committee membership and attendance

During the year the Committee comprised:

Mary McNamara (Chair)

Adele Cooper

Keith Mansfield

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

The Committee met four times during the year and attendance is set out in the table on page 73.

Advice to the Committee

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

Following a formal review by the Committee during 2020, Korn Ferry was appointed as adviser to the Committee. Korn Ferry is a signatory to the Remuneration Consultants' Code of Conduct and has confirmed to the Committee that it adheres in all respects to the terms of the Code. Fees paid to Korn Ferry during the year were £48k (ex VAT), which reflected the applicable hourly rates agreed with Korn Ferry. The Committee is satisfied, following a discussion involving all the members of the Committee, that the advice it received is objective and independent. Korn Ferry did not provide any other services to the Company during the year.

Remuneration in FY22

Directors' single figure of remuneration (audited)

The table below shows the aggregate emoluments earned by the Directors of the Company during FY22 and also sets out the comparative information for FY21.

Director	Period	Salary/fees (£'000)	Benefits[1] (£'000)	Pension (£'000)	RSA[2] (£'000)	Total fixed remuneration (£'000)	Bonus (£'000)	PSP[3] (£'000)	Total variable remuneration (£'000)	Total (£'000)
Mark Carpenter	FY22	350	2	35	262	649	329	0	329	978
	FY21	231	2	27	206	466	0	0	0	466
Chris Morgan	FY22	255	2	8	191	456	240	0	240	696
	FY21	58	1	2	0	61	0	0	0	61
John Walden[4]	FY22	144	0	0	0	144	0	0	0	144
	FY21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mark Morris[5]	FY22	78	0	0	0	78	0	0	0	78
	FY21	100	0	0	0	100	0	0	0	100
Mary McNamara	FY22	53	0	0	0	53	0	0	0	53
	FY21	49	0	0	0	49	0	0	0	49
Adele Cooper	FY22	40	0	0	0	40	0	0	0	40
	FY21	38	0	0	0	38	0	0	0	38
Keith Mansfield	FY22	47	0	0	0	47	0	0	0	47
	FY21	40	0	0	0	40	0	0	0	40

1. Relates to provision of family private medical insurance.
2. The face value on grant of the RSA awards is shown in the table above as there are no performance conditions other than underpins tested on vesting.
3. The 2018 and 2019 PSP awards lapsed in full.
4. From his appointment on 10 January 2022, and includes a one-off fee of £100,000, the net amount of which he will invest in Company shares.
5. Mark Morris retired on 10 January 2022.

Annual report on remuneration continued

Details of variable pay earned in the year (audited)

Annual bonus

Executive Directors were eligible for a maximum annual bonus payment of 100% of salary, subject to PBT, market share growth, customer and employment engagement measures, along with selected strategic objectives.

The table below sets out the performance conditions and targets that were set in relation to FY22 and the performance achieved. As set out earlier in this report, the Committee exercised discretion in relation to the growth in share of the 0-4 year old car market performance condition. The Committee is satisfied this exercise of discretion is appropriate and results in targets equally as challenging as the targets originally set.

Performance measure	Weighting	Performance required[1] Threshold (30% payout)	Stretch (100% payout)	Performance achieved	Payout of element (% of element weighting)
PBT	15%	£19.97m	£21.97m	£21.5m	13.8%
Growth in share of 0-4 year old car market	25%	+ve	+0.5%	+0.67%	25%
Customer – NPS	10%	79	83	83.9	10%
Employee engagement	10%	1 star[2]	3 star[2]	2 star[2]	5%
New branches opened	10%	2	3	3	10%
Auction4Cars.com marketplace	10%	n/a	Operational	Operational	10%
Sell your car	20%	500 cars	1,500	2,175	20%
Total	100%				93.8%

1. Payable on a sliding scale between target levels, with the exception of Auction4Cars.com marketplace where the target is either met or not.
2. Employer star rating in the Best Companies b-Heard survey.

The bonus payout for FY22 is 93.8% of maximum which is payable entirely in cash.

Outstanding share awards, including details of awards granted during the year and awards vesting based on performance to 31 March 2022 (audited)

The below table sets out details of the Executive Directors' outstanding awards under the PSP and other share schemes.

Name	Year of grant	Scheme	At 31 March 2021	Awards granted during the period	Awards exercised during the period	Awards lapsed during the period	At 31 March 2022	Vesting date	Exercise price
Mark Carpenter	FY19	2019 PSP	106,339	–	–	(106,339)	0	20 July 2021	–
	FY20	2020 PSP	155,470	–	–	–	155,470	22 July 2022	–
	FY21	2021 RSA	75,753	–	–	–	75,753	24 Aug 2023*	–
	FY22	2022 RSA	–	95,558	–	–	95,558	16 June 2024*	–
	FY19	2019 SAYE	1,904	–	(1,904)	–	0	1 Feb 2022	189.00p
	FY20	2020 SAYE	1,565	–	–	–	1,565	1 Feb 2023	230.00p
	FY21	2021 SAYE	1,298	–	–	–	1,298	1 Feb 2024	277.20p
	FY22	2022 SAYE	–	1,304	–	–	1,304	1 Feb 2025	276.00p
Chris Morgan	FY22	2022 RSA	–	69,621	–	–	69,621	16 June 2024*	–
	FY22	2022 SAYE	–	1,304	–	–	1,304	1 Feb 2025	276.00p

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

Performance Share Plan ('PSP') (audited)

Award will vest on the third anniversary of the date of grant, subject to achievement of the below performance conditions. A two-year post vesting holding period will apply thereafter, during which time any vested shares (net of any taxes due) may not be sold.

PSP 2020

An award was made to Mark Carpenter under the Company's PSP to the value of 125% of base salary in July 2019.

The awards are subject to 50% on EPS growth targets and 50% on market share growth of 0-2 year old vehicles measured over the three financial years from 1 April 2019 to 31 March 2022. The targets and the performance achieved are set out below:

	EPS growth (CAGR)	Market share growth (0-2 year)
Threshold (12.5%)	7.5%	5.0%
Maximum (50%)	12%	10.0%
Actual performance	2%	(7.2)%

As actual EPS growth and market share growth over the period was less than the threshold growth required, the 2020 PSP will lapse in full. The Committee did not exercise any discretion in determining the final vesting outcome.

Restricted Share Awards ('RSA') (audited)

At the 2020 AGM, shareholders approved that PSP awards be replaced by Restricted Shares. The award level for the Executive Directors will normally be 75% of salary each year. In order for Restricted Shares to vest, the Committee must be satisfied that the business performance is robust and sustainable, and that management has strengthened the business. The Restricted Shares ordinarily vest on the third, fourth and fifth anniversaries of the grant (in 50%, 25% and 25% portions respectively). Awards are additionally subject to a post vesting holding period during which time vested shares may not be sold (other than for tax) before five years from grant.

RSA 2021

RSA awards in the form of nil cost options ('Options') granted under the rules of the PSP were based on the average of the closing middle market quotations of the share price during the five dealing days before grant, being 271.4 pence.

	Date of grant	Grant level as % of salary	Shares awarded	Share price at grant date	Face value of award	Measurement period for performance underpin
Mark Carpenter	24 August 2020	75%	75,753	271.4p	£205,593.64	1 April 2020 to 31 March 2023

RSA 2022

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

	Date of grant	Grant level as % of salary	Shares awarded	Share price at grant date	Face value of award	Measurement period for performance underpin
Mark Carpenter	16 June 2021	75%	95,558	274.7p	£262,497.83	1 April 2021 to 31 March 2024
Chris Morgan	16 June 2021	75%	69,621	274.7p	£191,248.89	1 April 2021 to 31 March 2024

Annual report on remuneration continued

Save As You Earn ('SAYE') (audited)

In December of each year since 2016, Motorpoint has launched a SAYE scheme for all permanent employees. Eligible employees are invited to subscribe for options over the Company's shares at an exercise price representing a 20% discount to the closing mid market price the day before the invitation date. The maximum subscription offered is £3,600 (equivalent to £100 per month over the 36-month saving period).

Table of Directors' share interests (audited)

The share interests of each Director as at 31 March 2022 (together with interests held by his or her connected persons) are set out in the table below.

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

					At 31 March 2022	
Name	Beneficially owned shares[1]	Unvested PSP awards	Unvested Restricted Share awards	Unexercised SAYE options	Total	Percentage of salary/fees[3]
Executive Directors						
Mark Carpenter	8,881,693	155,470	171,311	4,167	9,212,641	7,613%
Chris Morgan	13,445	–	69,621	1,304	84,370	16%
Non-Executive Directors						
John Walden	–	–	–	–	–	–
Mark Morris[2]	8,509,556	–	–	–	8,509,556	25,529%
Mary McNamara	65,500	–	–	–	65,500	374%
Adele Cooper	13,327	–	–	–	13,327	100%
Keith Mansfield	36,876	–	–	–	36,876	233%

1. Some of these shares may be held through nominees.
2. As at date of retiring on 10 January 2022.
3. Calculated as the value of all fully owned shares held at 31 March 2022, valued using the three-month average share price over the period to 31 March 2022 (300p), divided by base salary as effective 31 March 2022.

During the period from 31 March 2022 to the publication of this report, there have been no changes in the Directors' share interests. Details of the PSP 2020, due to lapse in July 2022, can be found on page 93.

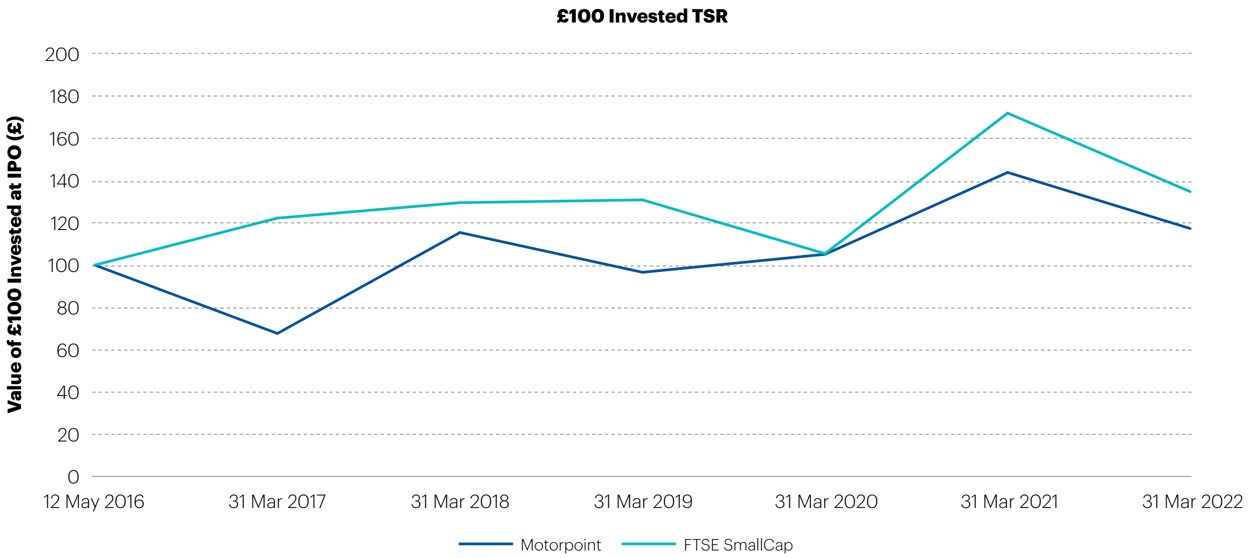
None of the Directors hold any loans against their shares or otherwise use their shares as collateral.

External directorships

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

Total shareholder return and Chief Executive Officer earnings history

The chart below shows the Company's Total Shareholder Return performance compared with that of the FTSE SmallCap Index over the period from the date of the Company's admission onto the London Stock Exchange, to 31 March 2022. The FTSE SmallCap Index has been chosen as an appropriate comparator as it is the index of which the Company is a constituent.



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

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

1. No long term incentive awards were eligible to vest over the relevant period.

Annual report on remuneration continued

Change in remuneration of Directors and employees

The table below compares the difference in remuneration payable to the Directors over the period FY20 to FY22 to the average employee of the Company. For the purpose of this disclosure, these figures have been compiled comparing the average of all employees in the corresponding periods separately and are based on annualised figures for each year.

	FY21 vs FY22			FY20 vs FY21		
	Base salary/fees % change	Benefits % change	Annual bonus % change[5]	Base salary/fees % change	Benefits % change	Annual bonus % change[5]
Mark Carpenter (CEO)	51.5%	0%	100%	(15.7)%	0%	(100)%
Chris Morgan (CFO)[1]	N/A	N/A	N/A	N/A	N/A	N/A
Mark Morris[2]	N/A	N/A	N/A	(8.0)%	0%	0%
John Walden[3]	N/A	N/A	N/A	N/A	N/A	N/A
Adele Cooper	5.3%	0%	0%	N/A	N/A	N/A
Keith Mansfield[4]	17.5%	0%	0%	N/A	N/A	N/A
Mary McNamara	8.2%	0%	0%	(7.5)%	0%	0%
Average employee	8.5%	14.6%	41.4%	4.5%	3.0%	(4.5)%

1. Chris Morgan joined the Board in January 2021.
2. Mark Morris left the Board in January 2022.
3. John Walden joined the Board in January 2022.
4. Keith Mansfield joined the Board in May 2020.
5. Includes performance related commission for employees; Executive Directors elected not to take an annual bonus in 2021.

CEO to employee pay ratio (The Companies (Miscellaneous Reporting) Regulations 2018)

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

FY	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option A	31.3:1	28.3:1	16.4:1
2021[1]	Option A	17.6:1	15.8:1	10.7:1
2020	Option A	20.5:1	18.0:1	10.25:1

1. 2021 data restated to ensure same methodology applied as 2022.

Disclosure of employee data used to calculate the ratio for FY22:

	25th percentile £'000	Median £'000	75th percentile £'000
Total pay and benefits of employees	£22,616	£25,159	£43,380
Basic salary of employees	£19,760	£20,995	£25,000

The table above sets out the CEO pay ratio for each financial year from FY20. The CEO pay is compared to the pay of our UK employees at the 25th, 50th and 75th percentile, calculated by reference to 31 March 2022.

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

CEO pay has been calculated using the total single figure. The total pay for the employees comprises full time equivalent salary, benefits, pension and annual bonus payments relating to FY22 performance.

At 28.3:1, the median CEO pay ratio has increased for FY22 compared to FY21; this is primarily due to a bonus being paid in FY22, compared to FY21 where no bonus was paid out.

The Committee is satisfied the ratios are representative of Motorpoint's pay and reward policies.

Relative importance of spend on pay

The following table sets out the percentage change in staff costs, dividends paid and share buyback in FY22 compared to the prior year.

	FY21 (£m)	**FY22 (£m)**	Percentage change
Total employee remuneration	25.6	**34.7**	36%
Dividends paid	0	**0**	0%
Share buyback	0	**0**	0%

Statement of shareholder voting (2021 AGM voting)

The following table shows the voting results at the Company's 2021 AGM in respect of the resolution on the Remuneration Report for FY21 and the voting results at the 2020 AGM in respect of the resolution to approve the current Directors' Remuneration Policy.

Votes cast	% votes for	% votes against	Votes withheld
Directors' Remuneration Report FY21	95.1	4.9	0
Directors' Remuneration Policy FY20	93.1	6.9	37,500

Implementation of the Policy in FY23

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

Base salaries

Salaries will be increased in line with the average increase for the workforce for FY23.

	1 April 2021	1 April 2022	Percentage change
Mark Carpenter	£350,000	£360,500	3%
Chris Morgan	£255,000	£262,650	3%

Benefits and pension

No changes are proposed to the provision of pension and benefits. Executive Directors will continue to receive family private medical insurance, and a company car. Pension contributions (or cash in lieu of pension) will be 10% of salary for the CEO and 3% of salary for the CFO. The CEO pension will reduce to the workforce rate at the end of this policy period.

Annual bonus

The structure of the annual bonus plan for FY23 has been updated to include the introduction of an environmental measure, and to ensure personal targets are aligned with the Company's strategic objectives. Executive Directors will be eligible for an annual bonus payment up to a maximum of 100% of salary. Bonuses will be based on PBT, market share growth, customer and employee engagement measures, and the number of electric vehicles sold compared to FY22, with each measure awarded independently. Personal targets will be aligned to the Company's goals, and include as appropriate digitisation of the business and Auction4Cars.com. The Committee considers the forward looking targets to be commercially sensitive as they relate to the current financial year, but full disclosure of targets and performance against them will be provided in next year's Annual Report.

PBT is a financial KPI for Motorpoint and is directly linked to our key strategic objective of delivering profitable earnings growth by growing in our local markets, growing online sales and opening new branches. Our customers and employees are two priority stakeholder groups, and ensuring high levels of customer satisfaction and employee engagement is key to ensuring the success of our strategy and our Company.

Annual report on remuneration continued

Long term incentives

Executive Directors will receive an award of Restricted Shares equal to 75% of base salary. The number of shares to be granted will be determined with reference to the average of the closing middle market quotations of the shares during the five dealing days before the date of grant.

The shares will vest 50%, 25% and 25% at years three, four and five, respectively, subject to the achievement of the underpin. All awards would need to be held (other than sales to pay any tax) for a total of five years from grant. In order for Restricted Shares to vest, the Committee must be satisfied that business performance is robust and sustainable and that management has strengthened the business. In assessing this performance condition, the Committee will consider financial and non-financial KPIs of the business as well as delivery against strategic priorities. To the extent it is not satisfied that this performance condition is met, the Committee may scale back the level of vested awards, including to zero. This performance assessment will take place at the end of the third year.

Chair and Non-Executive Directors' fees

The fees payable to the NEDs of the Company are as follows. The fees payable to the NEDs for FY23 will increase from £40,000 to £45,000. This increase has been approved following a benchmarking survey undertaken by external remuneration advisors, which demonstrated the previous rate was significantly below the market median for similar sized businesses. The Chair of the newly formed ESG Committee will receive an additional fee for taking on this added responsibility.

Non-Executive Chair	£200,000
Other NEDs	£45,000
Additional responsibility fees:	
Chair of the Remuneration Committee	£7,500
Chair of the Audit Committee	£7,500
Chair of the ESG Committee	£3,750
Senior Independent Director	£5,000

In addition, as permitted under the Policy, Non-Executive Directors will have any reasonable expenses reimbursed including any tax liability incurred.

Approval

This report was approved by the Board on 15 June 2022 and is signed on its behalf by:

Mary McNamara
Remuneration Committee Chair
15 June 2022

Directors' report

The Directors present their report, together with the audited financial statements of the Group and the Company, for the year ended 31 March 2022.

The Directors' report comprises the Board biographies (on pages 68 and 69), the Corporate Governance report (from page 70 to page 74), the Directors' report (from page 99 to page 103) and the Shareholder information section (on page 149).

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

Information	Reported in	Page numbers
Likely future developments and performance of the Company	Strategic report	10
Employee engagement	Strategic report	33
SECR	Strategic report	39
Stakeholder engagement	Strategic report	32
Corporate Governance statement		70 - 74
Directors	Board leadership and purpose	71
	Remuneration report – Directors' beneficial interests and shareholding requirements	94
Viability Statement	Strategic report	60
Details of Long Term Incentive Plan	Remuneration report	93
Accounting policies	Financial statements	116 - 123
Financial instruments	Financial statements	134 - 137
Financial risk management	Financial statements	134 - 137
Composition/operation of Board and committees	Corporate Governance report	71 - 74

Articles of Association

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

Directors

The names of Directors who served during or served the end of the year of their period of appointment, are listed on pages 68 and 69, together with details of each Director's skills, experience and current external appointments.

Directors' indemnities and insurance

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

Independent auditors

PricewaterhouseCoopers LLP acted as auditors throughout the year. In accordance with Section 489 and Section 492 of the Companies Act 2006, resolutions proposing the reappointment of PricewaterhouseCoopers LLP as the Company's auditors and authorising the Directors to determine the auditor's remuneration will be put to the 2022 AGM.

Donations and political expenditures

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

Directors' report continued

Employees with disabilities

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

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

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

Research and development

The Company does not engage in research and development.

Existence of brands outside the UK

The Company has no branches outside the UK.

Workforce engagement

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

The Company in January 2022 established its first ever Board committee on ESG matters to ensure a dedicated forum for stakeholder, including workforce, matters at Board level.

During the year, the Company has also endeavoured to encourage a founder mentality among its workforce and in order to encourage greater participation in the Company's Sharesave scheme, it increased the discount on the option to purchase shares under that HMRC approved plan from 10% to 20%, the maximum permitted by HMRC.

Engagement with other stakeholders

In the discharge of their various legal, statutory and governance obligations and duties, the Directors have endeavoured to act to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard for the interests of its various stakeholders. Details of the various stakeholder groups and their associated engagement strategies are provided on page 32 of this report. The Board ensures, in its discussion of relevant matters, that stakeholder interests are considered in related discussions and decision making processes and inform policies and procedures.

Substantial shareholdings

Information provided to the Company by substantial shareholders pursuant to the DTR is published via a Regulatory Information Service. As at 31 March 2022, the Company has been notified of the interests as set out below in its issued share capital. All such share capital has the right to vote at general meetings.

Shareholder as at 31 March 2022	No. of Ordinary Shares	% of issued shares
Immersion Capital	17,647,958	19.57
abrdn	9,481,975	10.51
Mark Carpenter	8,881,693	9.85
Mark Morris	8,509,556	9.44
Forager Capital Management	4,378,870	4.86
Hunter Capital	3,283,401	3.64
Punch Card Capital LP	2,910,815	3.23

The Company received notification on 25 April 2022 that Forager Capital Management had increased its holding to 4,516,370 ordinary shares (5.01%).

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

Powers of the Directors

The powers of the Directors are set out in the Companies Act 2006 and the Company's Articles of Association. The Directors were granted authority to issue and allot shares at the 2021 AGM. Shareholders will be asked to renew these authorities in line with the latest institutional shareholder guidelines at the 2022 AGM.

Appointment and replacement of Directors

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

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

John Walden was appointed to the Board on 10 January 2022 as Non Executive Chair and Chair of the Nomination Committee. His appointment and continuing membership of the Board are both subject to election at the Company's 2022 AGM.

Dividends

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

Share capital

As at 31 March 2022, the Company's issued share capital comprised 90,189,885 Ordinary Shares with a nominal value of £0.01 each.

Ordinary Shares

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

Employee Benefit Trust

As at 31 March 2022, the Motorpoint Employee Benefit Trust held 1,372,677 Ordinary Shares (FY21: 34,841).

Further information about share capital can be found in note 28 of the Financial Statements.

Directors' report continued

Change of control provisions

The Directors are not aware of there being any significant agreements that contain any material change of control provisions to which the Company is a party other than in respect of the financing facility which expires in May 2024. Under the terms of the facility, and in the event of a change of control of the Company, the bank can withdraw funding and all outstanding loans, accrued interest and other amounts due and owing become payable within 30 days of the change. No person holds securities carrying special rights regarding control of the Company.

Purchase of own shares

At the Company's AGM on 27 July 2021, shareholders approved an authority for the Company to make market purchases of its own shares up to a maximum of 9,018,988 shares (being approximately 10% of the issued share capital at that time) at prices not less than the nominal value of each share (being £0.01 each). No use was made of this authority during the period. The Company intends to renew this authority at its 2022 AGM.

Allotment of shares

At the Company's AGM on 27 July 2021 shareholders approved an authority for the Company to allot ordinary shares up to a maximum nominal amount of £300,632 (being approximately one third of the Company's issued share capital at that time) increasing to £601,265 (being approximately two thirds of the Company's issued share capital at that time) in the case of a rights issue. The Company intends to renew this authority at its 2022 AGM.

Acquisitions of other companies' shares

The Company did not purchase or acquire the shares of another company in the year ended 31 March 2022; nor did any nominee of the Company or another company do so with the Company's financial assistance; nor did the Company take a lien or other charge on shares of another company.

Subsequent events

After the year end, a sale and leaseback transaction was completed, relating to our site in Stockton-on-Tees. The freehold was sold for £5.0m and leased back at an annual rent of £350k. There was no material profit or loss on this transaction.

Disclosure table pursuant to Listing Rule LR 9.8.4R

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

Listing Rule	Information to be included	Disclosure
9.8.4(1)	Interest capitalised by the Group.	None.
9.8.4(2)	Unaudited financial information (LR 9.2.18R).	None.
9.8.4(4)	Long term incentive scheme information involving Board Directors (LR 9.4.3R).	Details can be found on page 93 of the Directors' Remuneration Report.
9.8.4(5)	Waiver of emoluments by a Director.	None.
9.8.4(6)	Waiver of future emoluments by a Director.	None.
9.8.4(7)	Non-pre-emptive issues of equity for cash.	None.
9.8.4(8)	Non-pre-emptive issues of equity for cash in relation to major subsidiary undertakings.	None.
9.8.4(9)	Listed company is a subsidiary of another company.	Not applicable.
9.8.4(10)	Contracts of significance involving a Director or a controlling shareholder.	None.
9.8.4(11)	Contracts for the provision of services by a controlling shareholder.	None.
9.8.4(12)	Shareholder waiver of dividends.	The trustees of the Motorpoint Group Plc Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares which are its beneficial property.
9.8.4(13)	Shareholder waiver of future dividends.	The trustees of the Motorpoint Group Plc Employee Share Trust have a dividend waiver in place in respect of Ordinary Shares which are its beneficial property.
9.8.4(14)	Agreement with controlling shareholder.	None.

Going concern

The financial statements are prepared on a going concern basis. The Group regularly reviews market and financial forecasts and has reviewed its trading prospects in its key markets. During the year significant vehicle inflation impacted stock valuations, and we accordingly negotiated increases in our stocking facilities from £106.0m at the start of year to £195.0m by year end. The last tranche of this increase was £30.0m, and this was made available in the last week of the financial year. Accordingly, this was used in the early part of FY23 to reduce the utilised revolving credit facility balance of £29.0m as at the year end. This revolving credit facility was increased by £15.0m during the year and replaced the temporary £15.0m bank overdraft which expired earlier in May 2021.

In making their assessment the Directors considered the Group's current balance sheet, and operational cash flows, the availability of facilities, and stress testing of the key trading assumptions within the Group's plan.

For the purpose of considering going concern the Group focuses on a period of at least 12 months from the point of signing the accounts.

The Board has taken a severe but plausible downside scenario approach in considering the going concern status of the Group, reducing volumes and prices, and increasing interest rates and comparing with headroom available against banking covenants and liquid resources required to continue trading. Taking the base case three-year forecast as the starting point, even when applying a 25% reduction to revenue, as well as a substantial increase in interest costs, the covenants were not breached, and liquid resources were not depleted. In this model, operating costs were not flexed outside of built-in inflationary increases. However, in the event of a significant downturn, the Board would take mitigating measures to reduce operating costs, which would create further headroom.

The Directors have made use of the post year end trading performance to provide additional insight into the continuing viability of the business. While only a short period has passed since the year end, this evidence adds further comfort to the continuing strength of the Group in an active market. Given the continued historical liquidity of the Group and sufficiency of reserves and cash in the stressed scenarios modelled, the Board has concluded that the Group has adequate resources to continue in operational existence over the going concern period and into the foreseeable future thereafter. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

The Annual Report was approved by the Board on 15 June 2022.

On behalf of the Board

Chris Morgan
Chief Financial Officer
15 June 2022

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual Report and Accounts and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Board of Directors section of the Governance report on pages 68 and 69 confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the group;
- the company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities and financial position of the company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Financial Statements

Independent auditors' report

to the members of Motorpoint Group Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Motorpoint Group Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2022 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2022 (the "Annual Report"), which comprise: the Consolidated balance sheet and Company balance sheet as at 31 March 2022; the Consolidated statement of comprehensive income, Consolidated cash flow statement, Consolidated statement of changes in equity and Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 8 to the financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We conducted audit work over Motorpoint Limited (the Group's trading company) and Motorpoint Group Plc (the Company) which together accounted for 100% of the Group's revenue and profit before tax.

Key audit matters

- Inventory valuation (group)
- Recoverability of investment in subsidiary undertakings (parent)

Materiality

- Overall group materiality: £1,075,000 (2021: £845,000) based on 5% of profit before tax (2021: 5% of three year average adjusted profit before tax).
- Overall company materiality: £914,000 (2021: £720,000) based on 1% of total assets, restricted by component materiality allocation.
- Performance materiality: £806,000 (2021: £634,000) (group) and £686,000 (2021: £540,000) (company).

The scope of or audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Recoverability of investment in subsidiary undertakings is a new key audit matter this year. Going concern and impairment consideration relating to COVID-19, which was a key audit matter last year, is no longer included because of the risk in respect of going concern and impairment has reduced, with all sites reopening and forecasts improving as the impact of COVID-19 has decreased. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Inventory valuation (group) Refer to page 77 (Audit Committee report) and note 4 of the consolidated financial statements. Motorpoint's provision is based on historic data. Management's assessment involves a degree of judgement regarding historical data being reflective of future sales levels and margins. Given the magnitude of inventory balances and the estimation uncertainty as to the appropriate level of provision, there is a risk that inventory is being carried in excess of net realisable value.	• We have verified the mathematical accuracy of management's models in calculating the inventory provision, agreeing historical data used within the model. • We have tested a sample of inputs used in management's models to appropriate third party evidence. • We have challenged the time period of historical data used within the calculation and sensitised the time period to assess the impact. • We have reviewed and challenged management's forecast margins post year end. We have reviewed sales since the year end to understand margins achieved post year end and assessed the impact of this on the remaining population of unsold vehicles. Based on our procedures, the carrying value of inventory is consistent with the evidence obtained.
Recoverability of investment in subsidiary undertakings (parent) Refer to page 144, note 3 of the Company financial statements. As at 31 March 2022 the parent Company's balance sheet includes investments of £101.4m (FY21: £101.3m). Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. Management have not identified any indicators of impairment during the year.	We have considered whether there are any indicators of impairment, including comparing to current market capitalisation. No indicators were identified. We consider the carrying value of investment in subsidiaries to be materially correct.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group and all of its subsidiaries are based in the UK. There is one trading entity, Motorpoint Limited, which has 17 retail sites, as at 31 March 2022, spread across the UK. Motorpoint Limited and Motorpoint Group Plc, the Company, were considered to be significant components, due to their contribution to the Group financial statements. Full scope audits were carried out on both of these components. The audit work performed over Motorpoint Limited and Motorpoint Group Plc gave us the evidence we needed for our opinion on the Group financial statements as a whole. These two entities cover 100% of the Group's revenue and profit before tax. All audit work was completed by the Group audit team. We made enquiries of management to understand management's process for assessing climate-related risks and opportunities, the extent of potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this. The Environmental, Social and Governance report describes and explains how climate change could have an impact on the group's business. Using our knowledge of the business we considered whether the risks identified by management are materially complete and have been appropriately estimated and disclosed in the financial statements. We have assessed how the group has considered the impact of climate change risk on the impairment assessment over non-current assets and in the Group's viability assessment.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Independent auditors' report continued

	Financial statements – group	Financial statements – company
Overall materiality	£1,075,000 (2021: £845,000).	£914,000 (2021: £720,000).
How we determined it	5% of profit before tax (2021: 5% of three year average adjusted profit before tax).	1% of total assets, restricted by component materiality allocation.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing benchmark, as we believe that this is the key measure used by the shareholders in evaluating the performance of the group.	We have applied this benchmark, a generally accepted auditing benchmark, as we believe that this is the key measure used by the shareholders in evaluating the performance of the parent company.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £917,000 and £1,021,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £806,000 (2021: £634,000) for the group financial statements and £686,000 (2021: £540,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £50,000 (group audit) (2021: £40,000) and £50,000 (company audit) (2021: £40,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We reviewed the board approved budget/ forecasts to support the going concern assumptions and impairment assessments;
- We assessed management's historical forecasting accuracy;
- We compared the budgets and forecasts used in the going concern and impairment assessments to actual post year end data;
- We challenged the key assumptions used in management's models and reviewed the downside models to assess the impact on covenant liquidity and impairment headroom;
- We verified the arithmetic accuracy of management's models mentioned above; and
- We reviewed management's disclosures in relation to going concern and found them to be consistent with the modelling performed.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate governance report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

Independent auditors' report continued

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Listing Rules, UK tax legislation and Financial Conduct Authority regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries with unusual account combinations to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Review of correspondence with regulators;
- Enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations or fraud;
- Review minutes of meetings held by those charged with governance;
- Challenging assumptions and judgements made by management in their significant accounting estimates to identify potential management bias, in particular in relation inventory valuation; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations that increase revenue or reduce expenditure.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Remuneration Committee report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed as auditors of Motorpoint Limited by its Directors on 18 September 2015 to audit the financial statements for the year ended 31 March 2015 and subsequently reappointed on 29 February 2016 to audit the financial statements for the year ended 31 March 2016. Following the reorganisation of the group headed by Motorpoint Holdings Limited and the formation of Motorpoint Group Plc, we were appointed by the Directors of Motorpoint Group Plc on 28 October 2016 to audit the financial statements for the year ended 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 31 March 2015 to 31 March 2022.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Mark Skedgel
(Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Birmingham
15 June 2022

Consolidated statement of comprehensive income

For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Revenue	6	**1,322.3**	721.4
Cost of sales	7	**(1,216.0)**	(658.9)
Gross profit		**106.3**	62.5
Operating expenses	7	**(81.3)**	(49.9)
Operating profit		**25.0**	12.6
Finance expense	11	**(3.5)**	(2.9)
Profit before taxation		**21.5**	9.7
Taxation	12	**(4.6)**	(2.1)
Profit for the year		**16.9**	7.6
Other comprehensive income and expenses:			
Items that will not be reclassified to profit or loss			
Tax relating to items which will not be reclassified to profit or loss	12	**(0.2)**	–
Other comprehensive expense		**(0.2)**	–
Total comprehensive income for the year attributable to equity holders of the parent		**16.7**	7.6
Earnings per share attributable to equity holders of the parent			
Basic	13	**18.7p**	8.4p
Diluted	13	**18.7p**	8.4p

The Group's activities all derive from continuing operations.

The notes on pages 116 to 140 are an integral part of these consolidated financial statements.

Consolidated balance sheet

As at 31 March 2022

	Note	2022 £m	2021 £m
ASSETS			
Non-current assets			
Property, plant and equipment	16	**10.9**	16.1
Right-of-use assets	17	**46.7**	43.6
Intangible assets	15	**0.6**	–
Deferred tax asset	18	**1.0**	1.2
Total non-current assets		**59.2**	60.9
Current assets			
Assets held for sale	20	**9.2**	–
Inventories	19	**228.4**	128.4
Trade and other receivables	21	**13.6**	7.7
Current tax receivable	12	**–**	1.7
Cash and cash equivalents	22	**7.8**	6.0
Total current assets		**259.0**	143.8
TOTAL ASSETS		**318.2**	204.7
LIABILITIES			
Current liabilities			
Trade and other payables, excluding contract liabilities	24	**(193.8)**	(125.7)
Borrowings	23	**(29.0)**	–
Lease liabilities	17	**(3.3)**	(2.4)
Current tax liabilities	12	**(0.6)**	–
Provisions	25	**(0.1)**	(0.1)
Total current liabilities		**(226.8)**	(128.2)
Net current assets		**32.2**	15.6
Non-current liabilities			
Lease liabilities	17	**(49.5)**	(46.9)
Provisions	25	**(2.5)**	(2.0)
Total non-current liabilities		**(52.0)**	(48.9)
TOTAL LIABILITIES		**(278.8)**	(177.1)
NET ASSETS		**39.4**	27.6
EQUITY			
Called up share capital	28	**0.9**	0.9
Capital redemption reserve	29	**0.1**	0.1
Capital reorganisation reserve	30	**(0.8)**	(0.8)
EBT reserve	31	**(4.7)**	(0.1)
Retained earnings		**43.9**	27.5
TOTAL EQUITY		**39.4**	27.6

The consolidated financial statements on pages 112 to 140 were approved by the Board of Directors on 15 June 2022 and were signed on its behalf by:

M Carpenter
Chief Executive Officer

C Morgan
Chief Financial Officer

Motorpoint Group Plc

Registered number 10119755

Consolidated statement of changes in equity

For the year ended 31 March 2022

	Note	Called up share capital £m	Capital redemption reserve £m	Capital reorganisation reserve £m	EBT reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2020		0.9	0.1	(0.8)	–	20.0	20.2
Profit for the year		–	–	–	–	7.6	7.6
Other comprehensive income for the year		–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	7.6	7.6
Transactions with owners in their capacity as owners:							
Share-based payments	34	–	–	–	–	0.2	0.2
EBT share purchases and commitments	31	–	–	–	(0.4)	–	(0.4)
Share-based compensation options satisfied through the EBT	31	–	–	–	0.3	(0.3)	–
		–	–	–	(0.1)	(0.1)	(0.2)
Balance at 31 March 2021		**0.9**	**0.1**	**(0.8)**	**(0.1)**	**27.5**	**27.6**
Profit for the year		**–**	**–**	**–**	**–**	**16.9**	**16.9**
Other comprehensive expense for the year		**–**	**–**	**–**	**–**	**(0.2)**	**(0.2)**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**16.7**	**16.7**
Transactions with owners in their capacity as owners:							
Share-based payments	34	**–**	**–**	**–**	**–**	**0.1**	**0.1**
EBT share purchases and commitments	31	**–**	**–**	**–**	**(5.0)**	**–**	**(5.0)**
Share-based compensation options satisfied through the EBT	31	**–**	**–**	**–**	**0.4**	**(0.4)**	**–**
		–	**–**	**–**	**(4.6)**	**(0.3)**	**(4.9)**
Balance at 31 March 2022		**0.9**	**0.1**	**(0.8)**	**(4.7)**	**43.9**	**39.4**

The notes on pages 116 to 140 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Cash flows from operating activities			
Cash (used in)/generated from operations	33	**(5.5)**	12.4
Interest paid on borrowings and financing facilities		**(1.8)**	(1.3)
Interest paid on lease liabilities		**(1.7)**	(1.6)
Income tax paid		**(2.3)**	(2.8)
Net cash (used in)/generated from operating activities		**(11.3)**	6.7
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		**(6.9)**	(3.6)
Proceeds from disposal of property, plant and equipment and right-of-use assets		**–**	6.1
Net cash (used in)/generated from investing activities		**(6.9)**	2.5
Cash flows from financing activities			
Payments to satisfy employee share plan obligations		**(5.0)**	(0.4)
Repayment of leases		**(4.0)**	(3.6)
Proceeds from/(repayment of) borrowings		**29.0**	(10.0)
Net cash generated from/(used in) financing activities		**20.0**	(14.0)
Net increase/(decrease) in cash and cash equivalents		**1.8**	(4.8)
Cash and cash equivalents at the beginning of the year		**6.0**	10.8
Cash and cash equivalents at end of year		**7.8**	6.0
Net cash and cash equivalents comprises: Cash at bank		**7.8**	6.0

Notes to the consolidated financial statements

1. General information

Motorpoint Group Plc (the 'Company') is incorporated and domiciled in the United Kingdom under the Companies Act 2006.

The Company is a public company limited by shares and is listed on the London Stock Exchange; the address of the registered office is Champion House, Stephensons Way, Derby, England, United Kingdom, DE21 6LY. The consolidated financial statements of the Group as at and for the year ended 31 March 2022 comprise the Company, all of its subsidiaries and the Motorpoint Group Plc Employee Benefit Trust (the 'EBT') as listed on page 144, together referred to as the 'Group'. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The principal activities of the Group and the nature of the Group's operations are set out in the Strategic Report on pages 1 to 66.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared and approved by the Board on a historical cost basis except for assets held for sale and in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

(b) Going concern

The financial statements are prepared on a going concern basis. The Group regularly reviews market and financial forecasts and has reviewed its trading prospects in its key markets. During the year significant vehicle inflation impacted stock valuations, and we accordingly negotiated increases in our stocking facilities from £106.0m at the start of year to £195.0m by year end. The last tranche of this increase was £30.0m, and this was made available in the last week of the financial year. Accordingly, this was used in the early part of FY23 to reduce the utilised revolving credit facility balance of £29.0m as at the year end. This revolving credit facility was increased by £15.0m during the year and replaced the temporary £15.0m bank overdraft which expired earlier in May 2021.

In making their assessment the Directors considered the Group's current balance sheet, and operational cash flows, the availability of facilities, and stress testing of the key trading assumptions within the Group's plan.

For the purpose of considering going concern the Group focuses on a period of at least 12 months from the point of signing the accounts.

The Board has taken a severe but plausible downside scenario approach in considering the going concern status of the Group, reducing volumes and prices, and increasing interest rates and comparing with headroom available against banking covenants and liquid resources required to continue trading. Taking the base case three-year forecast as the starting point, even when applying a 25% reduction to revenue, as well as a substantial increase in interest costs, the covenants were not breached, and liquid resources were not depleted. In this model, operating costs were not flexed outside of built-in inflationary increases. However, in the event of a significant downturn, the Board would take mitigating measures to reduce operating costs, which would create further headroom.

The Directors have made use of the post year end trading performance to provide additional insight into the continuing viability of the business. While only a short period has passed since the year end, this evidence adds further comfort to the continuing strength of the Group in an active market. Given the continued historical liquidity of the Group and sufficiency of reserves and cash in the stressed scenarios modelled, the Board has concluded that the Group has adequate resources to continue in operational existence over the going concern period and into the foreseeable future thereafter. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

(c) New standards, amendments and interpretations

The Group has not early-adopted standards, interpretations or amendments that have been issued but are not mandatory for 31 March 2022 reporting periods.

The following amended standards and interpretations effective for the current financial year have been applied and have not had a significant impact on the Group's consolidated financial statements in the current or future reporting periods and on foreseeable future transactions.

- Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 4 and IFRS 16;
- Amendments to UK and Republic of Ireland accounting standards UK's exit from the European Union.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, entities controlled by the Company (its subsidiaries) and the Motorpoint Group Plc Employee Benefit Trust made up to 31 March each year.

A list of subsidiaries is disclosed in note 3 to the Company financial statements.

The EBT is consolidated on the basis that the Company has control, thus the assets and liabilities of the EBT are included in the Balance Sheet and shares held by the EBT in the Company are presented as a deduction from equity. The EBT has been solely set up for the purpose of issuing shares to Group employees to satisfy awards under the various share-based schemes detailed in note 34 and has no ability to access or use assets, or settle liabilities, of the Group.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions and balances between Group companies are eliminated on consolidation.

(e) Segmental reporting

The Group has prepared segmental reporting in accordance with IFRS 8 'Operating Segments'. The Group's chief operating decision maker is considered to be the Board of Directors. During the year the information presented to the Board has changed to reflect the different product mix and rates of growth which are expected to continue in the future between the wholesale and the retail revenue streams. Segmental information is presented on the same basis as the management reporting. An operating segment is a component of the business where discrete financial information is available and the operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

Operating segments are aggregated into reporting segments to combine those with similar characteristics.

The Group operates its omnichannel vehicle retailer offering through a branch network and separate financial information is prepared for these individual branch operations. These branches are considered separate 'cash-generating units' for impairment purposes. However, it is considered that the nature of the operations and products is similar and they all have similar long term economic characteristics and the Group has applied the aggregation criteria of IFRS 8. In addition, the Group operates an independent trade car auction site offering a business-to-business entirely online auction market place platform which is assessed by the Board as a separate operation and thus there are two reportable segments: retail and wholesale.

(f) Revenue recognition

Revenue represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. Revenue is measured at the fair value of the consideration receivable, when it can be reliably measured, and the specified recognition criteria for the sales type has been met. The transaction price is determined based on periodically reviewed prices and are separately identified on the customer's invoice. There are no estimates of variable consideration.

The transaction price for motor vehicles and motor related services is at fair value as if each of those products are sold individually.

(i) Sales of motor vehicles

Revenue from sale of motor vehicles is recognised when the control has passed; that is, when the vehicle has been collected by, or delivered to, the customer. Payment of the transaction price is due immediately when the customer purchases the vehicle. Sales of accessories, such as mats, are recognised in the same way.

(ii) Sales of motor related services and commissions

Motor related services sales include commissions on finance introductions, extended guarantees and vehicle asset protection as well as the sale of paint protection products. Sales of paint protection products are recognised when the control has passed; that is, the protection has been applied and the product is supplied to the customer.

Vehicle extended guarantees where the Group is contractually responsible for future claims are accounted for by deferring the guarantee income received along with direct selling costs, and then releasing the income on a straight line basis over the remaining life of the guarantee. Costs in relation to servicing the extended guarantee income are expensed to the statement of comprehensive income as incurred. The Group has not sold any of these policies in the current or prior period but continues to release income in relation to legacy sales.

Vehicle extended guarantees and asset protection ('GAP insurance') where the Group is not contractually responsible for future claims, are accounted for by recognising the commissions attributable to Motorpoint at the point of sale to the customer.

Where the Group receives finance commission income, primarily arising when the customer uses third-party finance to purchase the vehicle, the Group recognises such income on an 'as earned' basis.

The assessment is based on whether the Group controls the specific goods and services before transferring them to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods or services.

Notes to the consolidated financial statements continued

2. Summary of significant accounting policies continued

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sale of motor vehicles	The Group sells nearly new vehicles and accessories to retail customers. Revenue is recognised at the point the vehicle is collected by, or delivered to, the customer. The satisfaction of the performance obligation occurs on delivery or collection of the product. The Group also sells vehicles acquired through retail customer trade-ins to trade customers through its website Auction4Cars.com. Vehicles do not leave the premises until they are paid for in full and therefore the revenue and the profit are recognised at the point of sale. The satisfaction of the performance obligation occurs on collection of the vehicle. The Group operates a return policy which is consistent with the relevant consumer protection regulations. This is offered in the form of a free nationwide Home Delivery service with a 14 day money back guarantee to all retail customers.
Sales of motor related services and commissions	The Group receives commissions when it arranges finance, insurance packages, extended warranty and paint protection for its customers, acting as agent on behalf of a limited number of finance, insurance and other companies. For finance and insurance packages, commission is earned and recognised as revenue when the customer draws down the finance or commences the insurance policy from the supplier which coincides with the delivery of the product or service. Commissions receivable for all motor related services are paid typically in the month after the finance is drawn down. For extended warranty and paint protection, the commission earned by the Group as an agent is recognised as revenue at the point of sale on behalf of the Principal. The Group offered an Extended Guarantee for either 12 or 24 months, which commenced from the end of the manufacturer's warranty period. The revenue is deferred until the start of the policy period, and then released on a straight line basis over the policy term. Any directly attributable costs from the sale (e.g. sales commission) are also deferred and released over the same period. Customer claims are taken to the statement of comprehensive income as they are incurred during the policy term.

(g) Dividend distribution
Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period which the dividends are approved.

(h) Foreign currency
The Group's functional and presentation currency is the pound sterling.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(i) Intangible assets other than goodwill
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed annually with the effect of any changes being reflected on a prospective basis.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at their initial fair value less amortisation and accumulated impairment losses.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on a project is only recognised if management considers that it is technically feasible and that there are sufficient resources available to complete the asset so that it will be available for use or sale, that it intends to complete and is able to sell or use the asset to generate future economic benefits and that the costs of the development project can be measured reliably. Following the initial recognition of the expenditure, the asset will be carried at cost less accumulated amortisation and impairment losses.

Amortisation is applied once the asset is available for use to write off the cost over the period which is expected to benefit from the sale of the asset.

The annual amortisation rates applied to the Group's intangible assets on a straight line basis are as follows:

Asset class	Depreciation method and rate
IT Projects	20% straight line

(j) Property, plant and equipment
Property, plant and equipment is stated at the cost less depreciation. The cost of property, plant and equipment includes directly attributable costs. Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Land	Nil
Freehold property	5% straight line
Short term leasehold improvements	Lower of 20% straight line or remaining lease term
Plant and machinery	20% straight line
Fixtures and fittings	20% straight line
Office equipment	20% – 33.3% straight line

Assets in the course of construction are recorded separately within property, plant and equipment and are transferred to the appropriate classification when complete and depreciated from the date they are brought into use.

The residual values of the assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of assets is reviewed for impairment if events or changes in circumstances suggest that the carrying value may not be recoverable. Assets are written down to their recoverable amount if lower than their carrying value, and any impairment is charged to the statement of comprehensive income.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income within 'other income'.

(k) Financial instruments
IFRS 9 requires an entity to recognise financial assets and financial liabilities in the Group's Balance Sheet when the Group becomes party to the contractual provisions of the instrument.

The Group classifies financial instruments, or their component parts, on initial recognition as financial assets, financial liabilities or equity instruments according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

Financial assets
Trade receivables are initially recognised when they originate. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is classified either as being measured subsequently at fair value (either through other comprehensive income or through profit or loss), or measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets of the Group are classified as measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value reported in profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairments are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

The Group recognises loss allowances for Expected Credit Losses ('ECL') on financial assets measured at amortised cost. ECL are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e.the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). All trade receivable balances are assessed individually.

ECL are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Notes to the consolidated financial statements continued

2. Summary of significant accounting policies continued

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

From time to time based on purchasing decisions the Group holds hedging instruments to hedge currency risks arising from its activities. Hedging instruments are recognised at fair value. Any gain or loss on re-measurement is recognised in the statement of comprehensive income. However, the treatment of gains or losses arising from hedging instruments which qualify for hedge accounting depends on the type of hedge arrangement. The fair value of hedging instruments is the estimated amount receivable or payable to terminate the contract determined by reference to the market prices prevailing at the balance sheet date. A gain or loss in respect of an effective hedge of a net investment in an overseas operation is recognised directly in equity. Any ineffective portion of the hedge is recognised in the statement of comprehensive income. The Group currently has no hedge arrangements and no gain or loss is recognised in profit or loss in administrative expenses.

Financial liabilities

Financial liabilities are classified on initial recognition as either other financial liabilities measured at amortised cost or at fair value through profit or loss.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(l) Leases

The Group applies IFRS 16, using the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2020 as short term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 'Determining whether an Arrangement contains a Lease'.

Lease liability – initial recognition

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted at the Group's incremental borrowing rate. The incremental borrowing rate is determined based on a series of inputs including the risk free-rate based on Government bond rates in addition to specific adjustments for risk and security. Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments such as those that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options where the Group is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Break and extension options are included in leases to provide operational flexibility should the economic outlook for an asset be different to expectations, and hence at commencement of the lease, break or extension options are not typically considered reasonably certain to be exercised, unless there is a valid business reason otherwise.

The lease liability is presented as a separate line in the Consolidated Balance Sheet, split between current and non-current liabilities.

Lease liability – subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability – re-measurement

The lease liability is re-measured where:

- there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate; or
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

When the lease liability is re-measured, an equivalent adjustment is made to the right-of-use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in profit or loss.

Right-of-use asset – initial recognition

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, any dilapidation or removal costs, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the Group has an obligation for costs to dismantle and remove a leased asset, restore the branch on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The present value of these costs are included in the related right-of-use asset.

The right-of-use asset is presented as a separate line in the Balance Sheet.

Right-of-use asset – subsequent measurement

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the underlying asset.

Impairment

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment – non-financial assets' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

Sale and leaseback

A sale and leaseback transaction is where the Group sells an asset and immediately re-acquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. A lease liability is recognised, the associated property, plant and equipment asset is de-recognised, and a right-of-use asset is recognised at the proportion of the carrying value relating to the right retained. Any gain or loss arising relates to the rights transferred to the buyer.

(m) Inventory

Inventory is valued at the lower of cost and net realisable value, after due regard for slow moving vehicles.

Net realisable value is based on selling price less anticipated costs of completion and selling costs. When calculating an inventory provision management considers the nature and condition of the inventory as well as applying assumptions around expected saleability, determined on historic trading patterns.

Inventory cost is calculated using the specific identification method.

(n) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition.

Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the balance sheet.

(o) Trade receivables

Trade receivables represent the principal amounts outstanding from finance companies in respect of the financed element of sales to customers for motor vehicle and related products. Trade receivables are recognised net of any provision for impairment.

The carrying value of certain financial assets are measured on an expected credit loss approach. Trade and other receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

(p) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, and deposits held at call with banks. Where applicable, bank overdrafts are shown within borrowings in current liabilities.

Notes to the consolidated financial statements continued

2. Summary of significant accounting policies continued

(q) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised, without discounting, in respect of all temporary differences arising between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date. Deferred tax is measured at the rates, based on the tax rates and law enacted or substantively enacted at the balance sheet date, that are expected to apply in the periods when the timing differences are expected to reverse.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

(r) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect is immaterial.

(s) Stocking finance facilities

Stocking finance facilities, included within trade and other payables, are borrowings secured against the vehicle against which the facility is drawn down. These are short term liabilities which are settled on the sale of a vehicle or a fixed maturity not greater than 150 days and as a result form part of the normal business operating cycle (see note 23 for more details). They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect is immaterial.

(t) Share capital

Ordinary Shares are classified as equity. Costs incurred in issuing equity are deducted from the equity instrument.

(u) Provisions

Provisions for making good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(v) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost and allocating the interest cost over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

(w) Employee benefits

(i) Pensions

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions are charged in the statement of comprehensive income in the year in which they become payable in accordance with the rules of the scheme.

(ii) Other employee benefits

The Group recognises an expense for other short-term employee benefits, primarily holiday pay and employee commissions and bonuses on an accruals basis.

(iii) Share-based compensation

Equity-settled share-based compensation to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The estimate is measured using the Black-Scholes pricing model and excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 34.

The fair value determined at the grant date of the equity-settled share-based compensation is expensed on a straight line basis over the vesting period, based on the Group's estimates of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to equity reserves.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Cash-settled share-based compensation to employees and others providing similar services is measured at the fair value of the equity instruments at the grant date. A liability is recognised at the current fair value determined at each balance sheet date and at settlement.

(x) Government grants

Grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Grants that are receivable as compensation for expenses already incurred are recognised in the statement of comprehensive income in the period in which they become receivable.

(y) Earnings per share ('EPS')

The Group presents basic and diluted EPS for its Ordinary Shares. Basic EPS is calculated by dividing the profit attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the year. For diluted EPS, the weighted average number of Ordinary Shares is adjusted to assume conversion of all dilutive potential Ordinary Shares.

(z) Exceptional items

Material non-recurring items of income and expense are disclosed as 'exceptional items'. Examples of items that may give rise to disclosure as exceptional items include costs of major restructuring and reorganisation of the business, corporate refinancing and restructuring costs.

3. Underlying profit measures

The Group's chief operating decision maker is considered to be the Board of Directors. The Board of Directors measures the overall performance of the Group by reference to the following non-GAAP measures:

- earnings before interest, tax, depreciation and amortisation ('EBITDA');
- operating profit before exceptional items (adjusted operating profit); and
- profit before taxation before exceptional items (adjusted profit before taxation).

The adjusted measures are applied by the Board of Directors to understand the earning trends of the Group and are considered the most meaningful measures by which to assess the true operating performance of the Group. In the current and prior year there are no exceptional items noted; however these underlying profit measures remain valid when considering earlier years.

4. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

Inventory provisions (note 19): Inventories are stated at the lower of cost and net realisable value. As in previous years, a provision is included where management feels net realisable value falls below cost. The level of provision is determined by management estimates based on historical and forecast sales and potential net realisable value.

Significant judgements

IFRS 16 Lease term (note 17): The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Where leases contain options to break, the Group has assumed that these are exercised, unless there is reasonable certainty that the lease will be extended, and therefore the assumed duration for the liability is to the break point. Similarly, for any extension options, these have not been assumed to be utilised unless there is reasonable certainty. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Future possible cash outflows not included in the lease liability

Some leases contain break clauses or extension options to provide operational flexibility. Potential future undiscounted lease payments not included in the reasonably certain lease term, and hence not included in lease liabilities, total £4.6m (FY21: £4.5m). Future increases or decreases in rentals linked to an index or rate are not included in the lease liability until the change in cash flows takes effect.

Notes to the consolidated financial statements continued

5. Segmental information

The Group has prepared segmental reporting in accordance with IFRS 8 'Operating Segments'. During the year the information presented to the Board has changed to reflect the different product mix and rates of growth which are expected to continue in the future between the wholesale and retail revenue streams. Segmental information is presented on the same basis as the management reporting.

(a) Description of segments and principal activities

The Group's operating segments are determined based on the Group's internal reporting to the Board. The performance of operating segments is assessed by the Board on the basis of gross profit with all assets and liabilities assessed on a Group basis.

The Board examines the Group's performance from a product perspective and has identified two reportable segments of its business:

- Retail – the Motorpoint brand is an omnichannel vehicle retailer offering nearly new cars that are under four years old or have completed less than 30,000 miles. This segment also includes a range of commercial vehicles under the Motorpoint brand.
- Wholesale – Auction4Cars.com is an independent trade car auction site offering a business-to-business entirely online auction market place platform allowing an efficient and quick route for sale of part exchange vehicles which do not fall into the nearly new retail criteria and purchases direct from consumers.

(b) Segment gross profit

	Retail 2022 £m	Retail 2021 £m	Wholesale 2022 £m	Wholesale 2021 £m	Total 2022 £m	Total 2021 £m
Gross profit						
Revenue	**1,112.3**	593.8	**210.0**	127.6	**1,322.3**	721.4
Cost of sales	**(1,021.3)**	(539.7)	**(194.7)**	(119.2)	**(1,216.0)**	(658.9)
Gross profit	**91.0**	54.1	**15.3**	8.4	**106.3**	62.5

Transactions between operating segments are made on an arm's length basis in a manner similar to those with third parties.

Cost of sales are specific and therefore directly attributable to each segment. Operating and financial expenses are not segregated for internal reporting purposes and hence have not been disclosed here.

(c) Other profit and loss disclosures

There was no impairment charge or other significant non-cash item recognised in FY22 (FY21: £Nil).

(d) Segment assets and liabilities

Segment assets and liabilities are measured in the same way as in the financial statements. No further disclosure has been provided here, as internally assets and liabilities are not segregated for reporting purposes.

6. Revenue

Revenue has been analysed between the sale of goods and the sale of services below.

Revenue from the sale of motor vehicles is split in note 5 above. All other revenue below relates to the retail segment as defined in note 5a.

	2022 £m	2021 £m
Revenue analysis		
Revenue from sale of motor vehicles	**1,253.1**	687.5
Revenue from motor related services and commissions	**62.9**	29.0
Revenue recognised that was included in deferred income at the beginning of the year – Sale of motor vehicles	**3.3**	1.7
Revenue recognised that was included in deferred income at the beginning of the year – Motor related services and commissions	**3.0**	3.0
Revenue recognised that was included in the contract liability balance at the beginning of the year – Extended guarantee income	**–**	0.2
Total revenue	**1,322.3**	721.4

The Group has no contract liabilities (FY21: £Nil).

The Group recognises the following accrued income balances:

	2022 £m	2021 £m
Accrued income		
Commissions[1]	**0.1**	0.4
	0.1	0.4

1 Accrued income relates to commissions earned from finance companies received the following month.

The Group recognises the following deferred income balances within accruals and deferred income:

	2022 £m	2021 £m
Deferred income		
Vehicles invoiced not collected	**3.9**	3.3
Commissions received not earned	**3.0**	3.0
Total deferred income	**6.9**	6.3

7. Operating profit

Analysed as:

Operating profit include the effect of charging:	2022 £m	2021 £m
Inventory recognised as expense	**1,210.7**	654.9
Write down of inventories recognised as an expense	**1.0**	0.2
Employee benefit expense (note 9)	**34.7**	25.6
Depreciation of property, plant and equipment (note 16) and right-of-use assets (note 17)	**7.3**	5.7
Expense on short term and low value leases	**0.4**	0.2
Loss on disposal of property, plant and equipment	**–**	0.1

Total expenses comprise:	2022 £m	2021 £m
Cost of sales	**1,216.0**	658.9
Operating expenses:		
Selling and distribution expenses	**28.6**	13.9
Administrative expenses	**52.7**	36.0
Total operating expenses	**81.3**	49.9
Total expenses	**1,297.3**	708.8

Receipts associated with the Coronavirus Job Retention Scheme of £0.1m which related to April 2021 were repaid in full to HMRC before the end of the year (FY21: £3.9m claimed).

8. Auditor's remuneration

	2022 £m	2021 £m
Auditor's remuneration:		
Fees payable for the audit of the parent Company and consolidated financial statements	**0.2**	0.2
Fees payable for the audit of the Company's subsidiaries	**–**	–
Fees payable for non-audit services	**–**	–
Total	**0.2**	0.2

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

Notes to the consolidated financial statements continued

9. Employees and Directors

The aggregate employee benefit expenses were as follows:

	2022 £m	2021 £m
Employee benefit expenses:		
Wages and salaries	**30.8**	22.1
Social security costs	**3.2**	2.7
Pension costs	**0.6**	0.6
Share-based compensation charge (note 34)	**0.1**	0.2
	34.7	25.6

The average monthly number of employees (including Directors but excluding third party contractors) employed by the Group was as follows:

	2022 No.	2021 No.
Average number of people employed:		
Sales and operations	**589**	517
Administration and support	**291**	252
	880	769

Receipts associated with the Coronavirus Job Retention Scheme of £0.1m which related to April 2021 were repaid in full to HMRC before the end of the year (FY21: £3.9m claimed).

10. Directors' and key management remuneration

Key management has been identified as the Directors of Motorpoint Group Plc.

	2022 £m	2021 £m
Short term employee benefits	**1.0**	0.6
Share-based payment	**–**	–
Employer contributions paid to money purchase schemes	**–**	–
	1.0	0.6

During the year the number of key management who were receiving benefits was 2 (FY21: 2).

In respect of the highest paid Director refer to page 91 of the Annual Report on Remuneration.

11. Finance expense

	2022 £m	2021 £m
Interest on bank borrowings	**0.3**	0.2
Interest on stocking finance facilities	**1.5**	1.1
Other interest payable	**1.7**	1.6
Total finance expense	**3.5**	2.9

12. Taxation

The tax charge in the statement of comprehensive income represents:

	2022 £m	2021 £m
Current tax:		
UK corporation tax	**4.3**	2.0
Adjustment in respect of prior years	**0.3**	–
Total current tax	**4.6**	2.0
Deferred tax:		
Origination and reversal of temporary differences	**0.2**	0.1
Impact of UK corporation tax rate change	**(0.2)**	–
Total deferred tax	**–**	0.1
Total tax charge in the consolidated statement of comprehensive income	**4.6**	2.1

Reconciliation of the total tax charge

The tax charge in the statement of comprehensive income in the year differs from the charge which would result from the standard rate of corporation tax in the UK of 19% (FY21: 19%):

	2022 £m	2021 £m
Profit before taxation	**21.5**	9.7
Profit before taxation at the standard rate of corporation tax of 19% (FY21: 19%)	**4.1**	1.8
Tax effect of:		
– Fixed asset differences	**0.3**	0.3
– Expenses not deductible for tax purposes	**0.1**	–
– Adjustment in respect of prior years	**0.3**	–
– Re-measurement of deferred tax for changes in tax rates	**(0.2)**	–
Tax charge in the consolidated statement of comprehensive income	**4.6**	2.1

A tax payable balance of £0.6m (FY21: tax receivable balance of £1.7m) is included within current liabilities (FY21: current assets) as a result of the timing of the payments on account to HMRC.

Amounts recognised directly in equity

	2022 £m	2021 £m
Aggregate current and deferred tax arising in the reporting period and recognised in other comprehensive income and directly debited or credited to equity:		
– Deferred tax: Remeasurement of deferred tax for changes in tax rates	**(0.2)**	–
– Deferred tax: Adjustment in respect of prior years	**0.4**	–
Tax charge in the consolidated statement of comprehensive income	**0.2**	–

Factors affecting current and future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. As at the balance sheet date of 31 March 2022 the deferred tax asset has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (FY21: 19%).

Notes to the consolidated financial statements continued

13. Earnings per share

Basic and diluted EPS are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of Ordinary Shares during the year.

	2022	2021
Profit attributable to Ordinary Shareholders (£m)	**16.9**	7.6
Weighted average number of Ordinary Shares in issue ('000)	**90,190**	90,190
Basic EPS (pence)	**18.7**	8.4
Diluted weighted average number of Ordinary Shares in issue ('000)	**90,259**	90,265
Diluted EPS (pence)	**18.7**	8.4

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the currently operating schemes and the vested but not yet exercised options. This is shown in the reconciliation below.

The shares for the PSP20 scheme, RSA21 and RSA22 have performance criteria which have not been met so the options are not yet dilutive. There is a maximum of 1,142,392 additional options which have not been included in the dilutive calculation in relation to these schemes. Further information is included in note 34.

	2022	2021
Weighted average number of Ordinary Shares in issue ('000)	**90,190**	90,190
Adjustment for share options ('000)	**69**	75
Weighted average number of Ordinary Shares for diluted earnings per share ('000)	**90,259**	90,265

14. Dividends

During the year no dividends were paid (FY21: £Nil).

The Board has not proposed a final dividend (FY21: £Nil) for the year ended 31 March 2022.

15. Intangible asset

	IT projects £m	Total £m
Cost and Net book value		
At 1 April 2020	–	–
Additions	–	–
Disposals	–	–
At 31 March 2021	–	–
Additions	**0.6**	**0.6**
Disposals	–	–
At 31 March 2022	**0.6**	**0.6**

There was no amortisation charge during the year in respect of intangible assets (2021: £Nil).

The intangible assets balance comprises capitalised employee and third party costs incurred in relation to developing new application programming interfaces between platforms used by the Group.

16. Property, plant and equipment

	Land £m	Freehold property £m	Short term leasehold improvements £m	Plant and machinery £m	Fixtures and fittings £m	Office equipment £m	Work in progress £m	Total £m
Cost								
At 1 April 2020	6.2	5.9	7.2	1.5	1.3	3.2	2.5	27.8
Additions	–	2.0	0.3	0.1	0.5	0.2	0.5	3.6
Transfers	–	2.2	0.1	–	–	–	(2.3)	–
Disposals and assets classed as held for sale	(0.9)	(3.4)	(0.4)	(0.1)	(0.1)	(0.3)	(0.2)	(5.4)
At 31 March 2021	**5.3**	**6.7**	**7.2**	**1.5**	**1.7**	**3.1**	**0.5**	**26.0**
Additions	**–**	**–**	**2.3**	**0.3**	**0.9**	**0.6**	**2.2**	**6.3**
Transfers	**–**	**–**	**0.8**	**0.4**	**0.4**	**0.4**	**(2.0)**	**–**
Disposals and assets classed as held for sale	**(3.1)**	**(6.7)**	**–**	**–**	**–**	**–**	**(0.1)**	**(9.9)**
At 31 March 2022	**2.2**	**–**	**10.3**	**2.2**	**3.0**	**4.1**	**0.6**	**22.4**
Accumulated depreciation								
At 1 April 2020	–	0.1	4.3	1.0	1.1	2.4	–	8.9
Provided during the year	–	0.3	0.9	0.2	0.1	0.4	–	1.9
Disposals and assets held for sale	–	(0.1)	(0.4)	(0.1)	(0.1)	(0.2)	–	(0.9)
At 31 March 2021	**–**	**0.3**	**4.8**	**1.1**	**1.1**	**2.6**	**–**	**9.9**
Provided during the year	**–**	**0.4**	**1.0**	**0.2**	**0.3**	**0.4**	**–**	**2.3**
Disposals and assets held for sale	**–**	**(0.7)**	**–**	**–**	**–**	**–**	**–**	**(0.7)**
At 31 March 2022	**–**	**–**	**5.8**	**1.3**	**1.4**	**3.0**	**–**	**11.5**
Net book value								
At 31 March 2022	**2.2**	**–**	**4.5**	**0.9**	**1.6**	**1.1**	**0.6**	**10.9**
At 31 March 2021	5.3	6.4	2.4	0.4	0.6	0.5	0.5	16.1
At 31 March 2020	6.2	5.8	2.9	0.5	0.2	0.8	2.5	18.9

The depreciation expense of £2.3m (FY21: £1.9m) has been recorded in operating expenses.

Under IAS 36, the Group performs an annual assessment as to the existence of impairment indicators. Management identified an indicator of impairment as a result of the general market conditions including interest rates, inflation and supply shortages, which could have differing impacts at an individual site level. As such, an impairment assessment has been performed.

Recoverable amounts for cash-generating units are the higher of fair value less costs of disposal, and value in use. Future cashflow projections are based on the Group's internal forecasts and include modest ongoing performance improvement, including in the newest branches. The Group considers these cashflows to be reasonable and conservative. Management estimates the risk-adjusted discount rate using pre-tax rates that reflect the current market assessment of the time value of money.

The impairment review results in every cash-generating unit showing a sufficiency of future cashflows, so no impairment charge has been made. The minimum headroom on any cash-generating unit is £4.4m (FY21: £1.4m).

The Group has carried out sensitivity analysis on the impairment tests using various reasonably possible scenarios based on possible market movements. No reasonable changes in assumptions applied would result in an impairment.

The impairment review also includes performance of a high-level financial review of the asset classes and cost categories likely to be impacted most significantly by climate change. An exercise was undertaken as part of our financial planning to ensure that our climate-related risks and any associated costs had been considered when assessing the value of our assets and future cashflow forecasts. An estimated impact of climate-related risks was included in the impairment review performed. Although there were material costs anticipated as a result of climate-related risks, this did not result in any impairment being identified.

Notes to the consolidated financial statements continued

17. Leases

The Group only acts as a lessee.

(a) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	Land and buildings £m
Right-of-use assets	
Balance at 1 April 2020	41.6
Additions to right-of-use assets	5.8
Depreciation charge	(3.8)
Balance at 31 March 2021	43.6
Balance at 1 April 2021	**43.6**
Additions to right-of-use assets	**8.1**
Depreciation charge	**(5.0)**
Balance at 31 March 2022	**46.7**

	Land and buildings £m
Lease liabilities	
Balance at 1 April 2020	45.4
Additions to lease liabilities	7.5
Repayment of lease liabilities (including interest element)	(5.2)
Interest expense related to lease liabilities	1.6
Balance at 31 March 2021	49.3
Current	2.4
Non-current	46.9
Balance at 1 April 2021	**49.3**
Additions to lease liabilities	**7.5**
Repayment of lease liabilities (including interest element)	**(5.7)**
Interest expense related to lease liabilities	**1.7**
Balance at 31 March 2022	**52.8**
Current	3.3
Non-current	49.5

A maturity analysis of lease liabilities based on undiscounted gross cash flows as at 31 March 2022 is reported in the table below;

	2022 £m	2021 £m
Within one year	**6.1**	5.4
In the second to fifth years inclusive	**22.3**	20.6
After five years	**35.1**	35.1
Total minimum lease payments	**63.5**	61.1
Interest charges	**(10.7)**	(11.8)
Lease liability	**52.8**	49.3

(b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2022 £m	2021 £m
Depreciation charge of right-of-use assets		
Buildings	**5.0**	3.8
Finance expense		
Interest expense	**1.7**	1.6

The total cash outflow for leases held as right-of-use assets in FY22 was £5.7m (FY21: £5.2m).

An expense on short term leases is also included of £0.4m (FY21: £0.2m).

There are no low value leases.

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices and retail branches. Rental contracts are typically made for fixed periods of three to 20 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Where leases contain options to break, the Group has assumed that these are exercised, unless there is reasonable certainty that the lease will be extended, and therefore the assumed duration for the liability is to the break point. Similarly, for any extension options, these have not been assumed to be utilised unless there is reasonable certainty.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease where relevant.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

There have been no lease payment breaks during the year.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Impairment assessment

Management has completed an impairment review of the Group's estate, using each Retail Branch as a cash-generating unit. Recoverable amounts for cash-generating units are the higher of fair value less costs of disposal, and value in use. Further detail can be found in note 16.

18. Deferred tax assets

The movement in deferred taxation assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Other temporary differences	Accelerated capital allowances £m	Other timing differences £m	Total £m
At 1 April 2020	1.2	0.1	1.3
Charged to the statement of comprehensive income	(0.1)	–	(0.1)
At 31 March 2021	1.1	0.1	1.2
Charged to equity	(0.2)	–	(0.2)
At 31 March 2022	**0.9**	**0.1**	**1.0**

Deferred tax of Nil (FY21: £0.4m) is expected to be recovered or settled within 12 months from the reporting date.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. As at the balance sheet date of 31 March 2022 the deferred tax asset has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (FY21: 19%).

Notes to the consolidated financial statements continued

19. Inventories

	2022 £m	2021 £m
Finished goods: New and used vehicles for resale	**228.4**	128.4

The replacement cost of inventories is not considered to be materially different from the above values.

Provisions against inventory total £2.5m (FY21: £1.4m).

Inventory with a carrying value of £147.0m (FY21: £89.2m) has been pledged as security for the stocking finance facilities where funding has been drawn down on that inventory.

20. Assets held for sale

	2022 £m	2021 £m
Land and buildings	**9.2**	–

Assets classified as held for sale comprise land and buildings relating to the Group's branches in Stockton on Tees and Peterborough. For Peterborough, there was the intention to sell and leaseback the property as at the year end, with a buyer found post year end, however, the transaction had not been completed at the date of signing. Further detail on the Stockton on Tees transaction can be found in note 36 Post balance sheet events.

21. Trade and other receivables

Due within one year	2022 £m	2021 £m
Trade receivables[1]	**9.9**	2.1
Other receivables	**–**	0.5
VAT receivables	**–**	3.7
Prepayments	**3.6**	1.0
Accrued income[2]	**0.1**	0.4
	13.6	7.7

1 Trade receivables are non-interest bearing and generally have a term of less than seven days. Due to their short maturities, the fair value of current trade and other receivables approximates to their book value. Trade receivables represent amounts due from financial institutions on the financed element of vehicle sales to customers. The maximum exposure to credit risk is the carrying amount. The Group has no provisions against trade receivables (FY21: £Nil).

2 Accrued income relates to commissions earned from finance companies.

None of the Group's trade receivables or other receivables were past due or impaired (FY21: £Nil). Trade and other receivables are valued at their book value which is equivalent to fair value and all are in sterling.

22. Cash and cash equivalents

	2022 £m	2021 £m
Cash at bank and in hand	**7.8**	6.0

23. Borrowings

The Group's available borrowings consist of an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an overdraft and £29.0m available as a revolving credit facility. A temporary 12 month £15.0m overdraft facility was agreed with Santander UK PLC in May 2020 to help support short term cash impacts, should it have been required during the pandemic. This temporary £15.0m overdraft facility expired in May 2021 and subsequently a £29.0m revolving credit facility was negotiated in January 2022. The revolving credit facility and the overdraft expire in May 2024. As at the reporting date £29.0m of the revolving credit facility (FY21: £Nil) and £Nil of the overdraft (FY21: £Nil) was drawn down. The terms of the revolving credit facility and overdraft require a full repayment for a period of at least one day or more in each financial year and half year with no less than one month between repayments.

The finance charge for utilising the facility is dependent on the Group's borrowing ratios as well as the base rate of interest in effect. During the year ended 31 March 2022 interest was charged at 1.4% (FY21: 1.4%) per annum. The interest charged for the year of £0.3m (FY21: £0.2m) has been expensed as a finance cost.

Net debt reconciliation

	Borrowings £m	Leases £m	Sub-total £m	Cash £m	Total £m
Net debt as at 1 April 2020	(10.0)	(45.4)	(55.4)	10.8	(44.6)
Cash flows	10.0	3.6	13.6	(4.8)	8.8
New leases	–	(7.5)	(7.5)	–	(7.5)
Other changes					
Interest expense	(1.3)	(1.6)	(2.9)	–	(2.9)
Interest payments (presented as operating cash flows)	1.3	1.6	2.9	–	2.9
Net debt as at 31 March 2021	–	(49.3)	(49.3)	6.0	(43.3)
Financing cash flows	**(29.0)**	**4.0**	**(25.0)**	**1.8**	**(23.2)**
New leases	**–**	**(7.5)**	**(7.5)**	**–**	**(7.5)**
Other changes					
Interest expense	**(1.8)**	**(1.7)**	**(3.5)**	**–**	**(3.5)**
Interest payments (presented as operating cash flows)	**1.8**	**1.7**	**3.5**	**–**	**3.5**
Net debt as at 31 March 2022	**(29.0)**	**(52.8)**	**(81.8)**	**7.8**	**(74.0)**

24. Trade and other payables: amounts due within one year

	2022 £m	2021 £m
Trade payables:		
– Trade creditors	**11.8**	19.4
– Stocking finance facilities[1]	**147.0**	89.2
Other taxes and social security: updated		
– VAT payable	**1.8**	–
– PAYE/NI payable	**1.0**	0.7
Other creditors	**0.1**	–
Accruals and deferred income[2]	**32.1**	16.4
	193.8	125.7

1 Stocking finance facilities are provided from Black Horse Limited and Lombard North Central PLC. At 31 March 2022 the Group had £195.0m (FY21: £106.0m) of stocking finance facilities available of which £147.0m (FY21: £89.2m) was drawn.

The stocking finance facility with Black Horse Limited was renegotiated in May 2019 and all borrowings are secured against the vehicle which the stocking finance facility is drawn down against. During FY21 this facility was increased from £75.0m to £80.0m and during FY22 it was increased by an additional £40.0m to £120.0m. The finance is repayable on the earlier of the sale of the respective vehicle or a latest date of between 90 and 150 days from date of drawdown of the facility amount. In FY21 the repayment term was extended by 30 days for vehicles already on the scheme as at 18 March 2021. The facility bears interest at the rate of 1% over Finance House Base Rate.

The stocking finance facility with Lombard North Central PLC was negotiated in March 2019 and all borrowings are secured against the vehicle which the stocking finance facility is drawn down against. The finance is repayable on the earlier of the sale of the respective vehicle or a latest date of between 90 and 120 days from date of drawdown of the facility amount. In FY21 the repayment term was extended by 60 days for vehicles already on the scheme as at 4 February 2021 and during FY22 the limit was increased from £29.0m to £75.0m on the same terms as the original agreement. The facility bears interest at the rate of 1.35% over the Sterling Overnight Index Average ('SONIA') rate since 1 January 2022 when 7 day LIBOR rate was no longer published.

Interest expense in the year of £1.5m (FY21: £1.1m) has been recognised as a finance cost.

2 Included within accruals and deferred income is £3.9m (FY21: £3.3m) in relation to vehicles invoiced not collected at the reporting date and £3.0m (FY21: £3.0m) of commissions received in advance.

Other than the stocking finance facilities payable, trade and other payables are all non-interest bearing.

Due to their short maturities, the fair value of current liabilities approximates to their book value and all are in sterling.

Notes to the consolidated financial statements continued

25. Provisions

	2022 £m Current	2022 £m Non-current	2022 £m Total	2021 £m Current	2021 £m Non-current	2021 £m Total
Make good provision[1]	–	2.5	2.5	–	1.9	1.9
Onerous lease[2]	0.1	–	0.1	0.1	0.1	0.2
	0.1	2.5	2.6	0.1	2.0	2.1

Movements in each class of provision during the financial year are set out below:

	2022 £m Make good provision[1]	2022 £m Onerous lease[2]	2022 £m Total	2021 £m Make good provision[1]	2021 £m Onerous lease[2]	2021 £m Total
Carrying amount at start of year	1.9	0.2	2.1	1.9	0.4	2.3
Charged to statement of comprehensive income:						
– Additional provisions recognised	0.6	–	0.6	–	–	–
– Unwinding of discount	–	–	–	–	–	–
Amounts used during the year	–	(0.1)	(0.1)	–	(0.2)	(0.2)
Carrying amount at end of year	2.5	0.1	2.6	1.9	0.2	2.1

1 Make good provision

Motorpoint Group Plc is required to restore the leased premises of its retail stores to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of right-of-use assets and are amortised over the shorter of the term of the lease and the useful life of the assets.

The timing of the cash outflow relating to the make good provision is in line with the life of the relevant lease. The remaining term on existing leases ranges from 2 to 16 years with a weighted average of 10 years.

There is judgement associated with the potential cost of remediation of each property and estimated provisions have been based on the past experience of the Group.

2 Onerous leases

The Group operates across a number of locations and if there is clear indication that a property will no longer be used for its intended operation, a provision may be required based on an estimate of potential liabilities for periods of lease where the property will not be used at the end of the reporting period, to unwind over the remaining term of the lease. The onerous lease is likely to be utilised for a period of 4 years.

26. Financial instruments and risk management

The principal financial liabilities comprise inventory finance facilities, borrowings, and trade and other payables. The main purpose of these financial liabilities is to provide working capital funding for the Group. The main risks arising from financial liabilities are discussed further below. The principal financial assets comprise trade and other receivables, and cash at bank and in hand. The maximum exposure at the balance sheet date is the carrying value of the financial assets as disclosed in this note.

(a) Credit risk

The Group trades predominantly with retail customers. Sales to such customers are for cash and/or part-exchange, often with finance provided by a selected panel of financial institutions. The majority of the Group's sales are thus for cash or the remittances of funds from financial institutions, which is achieved in a short period after the sale. As such the Group does not consider that it is exposed to credit risk from retail customers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not considered to be significant. The maximum exposure is the carrying value amount as disclosed in this note. There is no significant concentration of credit risk within the Group. As a consequence, the Directors are satisfied that the Group's exposure to credit risk is acceptable.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from the default of counterparties, with a maximum exposure equal to the carrying amount of these instruments. Default is defined as the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Counterparty credit risk is managed through the monitoring and active management of counterparty balances.

(b) Foreign exchange risk

The Group is not exposed to a significant foreign exchange risk. In FY21 and FY22 there were no purchases of inventory from the EU, or other overseas countries and no hedging contracts were entered into.

At 31 March 2022 if sterling had weakened/strengthened by 10% against the Euro, with all other variables held constant, the recalculated post-tax profit for the year would therefore have been unchanged (FY21: unchanged) as a result of foreign exchange losses/gains on the translation of euro-denominated trade payables.

(c) Funding and liquidity risk

The funding arrangements of the Group at the balance sheet date consisted primarily of the stocking finance facilities, trade and other payables, as well as an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility. Further information regarding these arrangements is included in note 23.

The Group monitors its risk to a shortage of funds using a long term business plan that considers the maturity of all of its financial liabilities and the projected cash flows from operations. The Group aims to have sufficient committed borrowing facilities and operating cash flows to cover its core long term requirements.

The maturity table that follows details the contractual, undiscounted cash flows (both principal and interest) for the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Interest payments have been calculated using the LIBOR rates at the period end, except where rates had already been contracted.

2022	Within 180 days £m	Between 180 days and 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Borrowings	29.0	–	–	–	–	29.0
Stocking finance facilities	147.0	–	–	–	–	147.0
Trade creditors and accruals	37.0	–	–	–	–	37.0
Lease liabilities	3.0	3.0	5.9	16.5	35.1	63.5
	216.0	3.0	5.9	16.5	35.1	276.5

2021	Within 180 days £m	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Borrowings	–	–	–	–	–	–
Stocking finance facilities	89.2	–	–	–	–	89.2
Trade creditors and accruals	29.5	–	–	–	–	29.5
Lease liabilities	2.7	2.7	5.4	15.2	35.1	61.1
	121.4	2.7	5.4	15.2	35.1	179.8

(d) Capital market risk

The Group is subject to capital market risk, primarily in relation to changes in interest rates. The Group's interest bearing financial liabilities are analysed as follows:

	2022			2021		
	Floating £m	Fixed £m	Total £m	Floating £m	Fixed £m	Total £m
Sterling denominated	176.0	–	176.0	89.2	–	89.2
Total	176.0	–	176.0	89.2	–	89.2

At 31 March 2022 and 2021 the floating rate financial liabilities comprise stocking finance facilities that bear interest at rates based on Finance House Base Rate and a revolving credit facility which bears interest based on the Sterling Overnight Index Average ('SONIA') rate since 1 January 2022 when the LIBOR rate was no longer published.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, to the Group's results before tax. The Group's equity would be impacted by this amount less tax at the prevailing rate.

	Increase/ decrease in basis points	2022 £m	2021 £m
Sterling	+50	(0.9)	(0.4)
Sterling	-50	0.9	0.4

(e) Capital management

The Group's objective when managing capital is to ensure adequate working capital for all operating activities and liquidity, including a comfortable headroom to take advantage of shorter term opportunities, or to weather short term shocks. Secondly the Group aims to operate an efficient capital structure to achieve the business plan. For these purposes the Group considers capital to be shareholders' equity, borrowings and stocking finance facilities.

Consistent with others in the industry the Group monitors capital through the following ratio: total net debt as per note 22 divided by EBITDA.

Notes to the consolidated financial statements continued

26. Financial instruments and risk management continued

The funding arrangements of the Group at the balance sheet date consisted primarily of the stocking finance facilities, trade and other payables, as well as an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an overdraft and £29.0m available as a revolving credit facility. Further information regarding these arrangements is included in note 23.

There are certain covenants on the revolving credit and stocking facilities relating to a maximum debt to equity and interest rate cover in respect of the Group consolidated financial statements. The Group reviews covenant compliance on a monthly basis, both retrospectively and prospectively. As discussed more in note 2 and 4, in a stressed scenario, it is possible the Group would need to negotiate changes to the banking covenants but this is not considered plausible in the scenarios modelled.

At 31 March 2022 the Group had undrawn stocking finance facilities of £48.0m (FY21: £16.8m) and undrawn credit facilities of £6m (FY21: £35.0m). The excess headroom as at the current period end includes the additional stocking facility agreed on 25 March 2022 and further information can be found in note 2.

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants, terms are defined within the Alternative performance measures section of the Glossary:

- the interest cover (EBITDA to borrowing costs) should not be less than 4:1
- adjusted leverage being the total net debt to adjusted EBITDA should not exceed 3:1
- the reported Net Worth[1] will not at any stage fall below the amount of £30.0m.

1 New covenant applicable from 1 December 2021 as a result of renegotiating the Black Horse stocking facility.

The Group has complied with these covenants as applicable throughout the reporting period. As at 31 March 2022, they were 108:1, 1:1 and £39.4m respectively (FY21: 62:1, 0:1 and not applicable respectively).

(f) Fair value estimation

The Group has no financial assets or liabilities carried at fair value.

(g) Financial instruments by category

The Group's financial assets are all measured at amortised cost.

2022	**Carrying value £m**
Trade receivables	**9.9**
Other receivables	**–**
Accrued income	**0.1**
Cash and cash equivalents	**7.8**
	17.8

2021	Carrying value £m
Trade receivables	2.1
Other receivables	0.5
Accrued income	0.4
Cash and cash equivalents	6.0
	9.0

The Group's liabilities are classified as follows:

2022	**Other financial liabilities at amortised cost £m**	**Liabilities not within the scope of IFRS 9 £m**	**Total £m**
Borrowings	**29.0**	**–**	**29.0**
Trade creditors	**11.8**	**–**	**11.8**
Stocking finance facilities	**147.0**	**–**	**147.0**
Other taxes and social security	**–**	**2.8**	**2.8**
Lease liabilities	**52.8**	**–**	**52.8**
Other creditors	**0.1**	**–**	**0.1**
Accruals and deferred income	**25.2**	**6.9**	**32.1**
	265.9	**9.7**	**275.6**

2021	Other financial liabilities at amortised cost £m	Liabilities not within the scope of IFRS 9 £m	Total £m
Borrowings	–	–	–
Trade creditors	19.4	–	19.4
Stocking finance facilities	89.2	–	89.2
Other taxes and social security	–	0.7	0.7
Lease liabilities	49.3	–	49.3
Accruals and deferred income	10.1	6.3	16.4
	168.0	7.0	175.0

Fair value hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (i.e.derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has no financial instruments carried at fair value.

(h) Credit quality of financial assets

As disclosed in note 21 the Group has no financial assets that are past due or impaired. The Group's financial assets represent balances due from a selected panel of financial institutions that provide finance to the Group's retail customers and cash and cash equivalents held with banks. The Group has banking arrangements in place with Barclays Bank plc, Santander UK PLC and Lloyds Bank plc, all of which have a Fitch credit rating of A+. The Group does not obtain credit ratings for its customers. Due to their short maturities the expected credit loss on financial assets is estimated at £Nil.

27. Post employment benefit obligations

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and is disclosed in note 9. Contributions totalling £0.1m (FY21: £0.1m) were payable to the scheme at the end of the year and are included in accruals.

28. Share capital

	2022		2021	
	Number '000	**Amount £m**	Number '000	Amount £m
Allotted, called up and fully paid Ordinary Shares of 1p each				
Balance at the end of the year	**90,190**	**0.9**	90,190	0.9

1 Share buyback

There has been no share buyback during FY21 and FY22.

Since the commencement of the current share buyback programme in 2019 as at 31 March 2022, 615,000 shares have been bought back and cancelled representing 0.7% of the issued Ordinary Shares, at a cost of £1.8m.

There are currently no shares held in treasury for use to satisfy employee share plan obligations.

The Group does not have a limited amount of authorised capital.

29. Capital redemption reserve

The capital redemption reserve represents the purchase by the Group of its own shares and comprises the amount by which distributable profits were reduced on these transactions in accordance with s733 of the Companies Act 2006. £Nil (FY21: £Nil) was transferred into the capital redemption reserve during the year in respect of shares purchased by the Group and subsequently cancelled.

30. Capital reorganisation reserve

The capital reorganisation reserve represents the capital reduction in the nominal value of shares in Motorpoint Group Limited (re-registered as Motorpoint Group Plc on 10 May 2016) from £1 to 1p.

Notes to the consolidated financial statements continued

31. Employee benefit trust ('EBT') reserve

The EBT has an independent trustee and has been set up to satisfy awards which are exercised in accordance with the terms of the various share-based schemes detailed in note 34.

At 31 March 2022 the EBT held 1,372,677 (FY21: 34,841) Ordinary Shares of 1p each in the Group, the market value of which amounted to £4.7m (FY21: £0.1m). Details of outstanding share awards and options are shown in note 34.

The consideration paid for the Ordinary Shares of 1p each in the Group held by the EBT at 31 March 2022 and 31 March 2021 has been shown as an EBT reserve and presented within equity for the Group. All other assets, liabilities, income and costs of the EBT have been incorporated into the accounts of the Group.

The table below shows the movements in equity from EBT transactions during the year:

	2022		2021	
	Number '000	Amount £m	Number '000	Amount £m
Shares purchased by the EBT in the year	**1,449,048**	**5.0**	183,494	0.4
Shares issued in respect of employee share schemes	**(111,212)**	**(0.4)**	165,093	(0.3)

Proceeds of £0.2m (FY21: £0.3m) were received on the exercise of share-based payments. The weighted average cost of shares issued by the EBT was £0.4m (FY21: £0.3m).

Subsequent to the year end, employee share options over 3,808 (FY21: 6,721) shares had been exercised and had been satisfied by Ordinary Shares issued by the EBT.

32. Other commitments

Capital commitments

The Group had capital commitments of £Nil at 31 March 2022 (FY21: £Nil).

33. Cash flow from operations

	2022 £m	2021 £m
Profit for the year attributable to equity shareholders	**16.9**	7.6
Adjustments for:		
Taxation charge	**4.6**	2.1
Finance costs	**3.5**	2.9
Operating profit	**25.0**	12.6
Share-based payments	**0.1**	0.2
Loss on disposal of property, plant and equipment and right-of-use assets	**–**	0.1
Depreciation charge	**7.3**	5.7
Cash flow from operations before movements in working capital	**32.4**	18.6
Increase in inventory	**(100.0)**	(16.6)
Increase in trade and other receivables	**(5.9)**	(3.3)
Increase in trade and other payables	**68.0**	13.7
Cash (used in) / generated from operations	**(5.5)**	12.4

34. Share-based compensation

Share options are granted to Senior Executives and other individuals throughout the organisation. The Group currently operates three share schemes and these are the Performance Share Plan ('PSP'), the Share Incentive Plan ('SIP') and the Save As You Earn ('SAYE') schemes. During FY21 the Restricted Shares Award scheme ('RSA') was introduced, which operates under the rules of the PSP scheme.

The total expense recognised immediately in profit and loss arising from equity-settled share-based payment transactions in the year relating to the three schemes including associated national insurance ('NI') charges was £0.1m (FY21: £0.2m).

NI is being accrued, where applicable, at a rate of 15.05% which management expects to be the prevailing rate when the awards are exercised, based on the share price at the reporting date. NI for the year ended 31 March 2022 relating to all awards was a charge of £Nil (FY21: £Nil).

Share Incentive Plan

The Group operates a SIP under which an award was made available to all eligible employees following admission to the London Stock Exchange in May 2016.

Performance Share Plan

The Group operates a Performance Share Plan for Executive Directors and certain key senior managers.

Restricted Share Award ('RSA')

Restricted shares differ from performance shares in a way that the grant level is scaled back, but the vesting of the shares is not subject to specific future conditions (other than a performance underpin).

SAYE scheme

The Group operates a SAYE scheme for all employees under which employees are invited to subscribe for options over the Company's shares at an exercise price representing a 10% discount to the closing mid-market price the day before the invitation date.

Plan	Grant date	Vesting date	Lapse date	Settlement type	Number of shares granted	Fair value at grant date[2] £	Exercise price £	Performance criteria
SIP	27-Jun-16	27-Jun-19	N/A	equity-settled	194,023	1.877	Nil	No
SIP	22-Dec-17	22-Dec-20	N/A	cash-settled	118,716	1.877	Nil	No
FY17 PSP	23-Jun-16	22-Jun-19	23-Jun-26	equity-settled	596,659	2.300	Nil	Yes
FY18 PSP	21-Jul-17	21-Jul-20	21-Jul-27	equity-settled	830,267	1.385	Nil	Yes
FY19 PSP	20-Jul-18	1-Apr-21	20-Jul-28	equity-settled	323,303	2.420	Nil	Yes
FY20 PSP (A)	22-Jul-19	22-Jul-21	22-Jul-29	equity-settled	203,620	2.204	Nil	Yes
FY20 PSP (B)[1]	22-Jul-19	22-Jul-22	22-Jul-29	equity-settled	412,022	2.204	Nil	Yes
FY21 RSA (A)	24-Aug-20	24-Aug-23	24-Aug-30	equity-settled	199,333	2.480	Nil	Yes
FY21 RSA (B)	24-Aug-20	24-Aug-23	24-Aug-30	equity-settled	37,877	2.480	Nil	Yes
FY21 RSA (C)	24-Aug-20	24-Aug-24	24-Aug-30	equity-settled	18,938	2.447	Nil	Yes
FY21 RSA (D)	24-Aug-20	24-Aug-25	24-Aug-30	equity-settled	18,938	2.336	Nil	Yes
FY22 RSA (A)	16-Jun-21	16-Jun-24	16-Jun-31	equity-settled	297,013	1.907	Nil	Yes
FY22 RSA (B)	16-Jun-21	16-Jun-24	16-Jun-31	equity-settled	82,589	1.907	Nil	Yes
FY22 RSA (C)	16-Jun-21	16-Jun-25	16-Jun-31	equity-settled	41,295	1.688	Nil	Yes
FY22 RSA (D)	16-Jun-21	16-Jun-26	16-Jun-31	equity-settled	41,295	1.494	Nil	Yes
SAYE17	27-Dec-16	1-Feb-20	1-Aug-20	equity-settled	770,041	0.320	1.12	No
SAYE18	27-Dec-17	1-Feb-21	1-Aug-21	equity-settled	417,765	0.490	1.77	No
SAYE19	21-Dec-18	1-Feb-22	1-Aug-22	equity-settled	283,012	0.500	1.89	No
SAYE20	23-Dec-19	1-Feb-23	1-Aug-23	equity-settled	222,040	0.890	2.30	No
SAYE21	23-Dec-20	1-Feb-24	1-Aug-24	equity-settled	259,001	0.940	2.77	No
SAYE22	20-Dec-21	1-Feb-25	1-Aug-25	equity-settled	403,215	1.024	2.76	No
					5,770,962			

1 The current assumption of non-vesting conditions reduces the fair value to zero at the balance sheet date.

2 The fair value at grant date as disclosed above is prior to applying an assumption for the number of shares not expected to vest due to participants leaving the scheme.

	SIP		SAYE		PSP		RSA		2022		2021	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	Weighted average exercise price £	Number of options	Weighted average exercise price £	Number of options
Outstanding at 1 April FY	**55,173**	63,045	**586,484**	581,604	**962,361**	1,459,519	**268,178**	–	**0.74**	**1,872,196**	0.55	2,104,168
Awarded	**–**	–	**403,215**	259,001	**–**	–	**462,192**	275,086	**0.82**	**865,407**	1.34	534,087
Forfeited/ lapsed	**–**	–	**(153,677)**	(120,628)	**(526,923)**	(483,490)	**–**	(6,908)	**(0.52)**	**(680,600)**	(0.41)	(611,026)
Exercised	**(8,787)**	(7,872)	**(111,212)**	(133,493)	**–**	(13,668)	**–**	–	**(1.74)**	**(119,999)**	(1.53)	(155,033)
Outstanding at 31 March FY	**46,386**	55,173	**724,810**	586,484	**435,438**	962,361	**730,370**	268,178	**0.79**	**1,937,004**	0.74	1,872,196
Exercisable at 31 March FY	**46,386**	55,173	**35,985**	37,655	**23,416**	23,416	**–**	–	**0.60**	**105,787**	0.57	116,244

The option pricing model used by the entity to value the shares in the period in which they were launched is the Black-Scholes model.

The range of exercise prices of share options outstanding at the end of the period for SAYE plans is between £1.12 and £2.77 (FY21: £1.12 – £2.77). The exercise price for PSP and RSA share awards is £Nil (FY21: £Nil).

Notes to the consolidated financial statements continued

34. Share-based compensation continued

The assumptions used in the measurement of the fair value at grant dates of the SAYE scheme are as follows:

	Share price at grant date £	Expected volatility %	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
20 December 2021	3.45	43.6	3.0	1.3	1.63	27.1	0.75
23 December 2020	2.81	51.7	3.0	2.5	1.29	27.1	0.94
23 December 2019	2.89	37.5	3.0	2.5	3.00	27.1	0.89
21 December 2018	2.04	34.5	3.0	2.5	2.85	27.1	0.50
27 December 2017	1.97	34.3	3.0	2.5	2.85	27.1	0.49
27 December 2016	1.28	33.0	3.0	2.5	3.10	27.1	0.32

The maximum subscription offered is £3,600 (equivalent to £100 per month over the 36 month saving period). Contributions from salary are made into a savings account and on maturity participants can exercise their option to buy shares at the discounted rate with their saved contributions or have the funds returned to them.

Expected volatility is estimated by considering historic average share price volatility of the Motorpoint Group Plc share price at the grant date. The requirement that an employee has to save in order to purchase shares under the SAYE is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation obtained from the Black-Scholes pricing model.

	FY22 SAYE		FY21 SAYE		FY20 SAYE		FY19 SAYE	
	Number	**Option exercise price £**	Number	Option exercise price £	Number	Option exercise price £	Number	Option exercise price £
Outstanding at 1 April 2021	**–**	**–**	248,292	2.77	164,222	2.30	136,315	1.89
Awarded	**403,215**	**2.76**	–	–	–	–	–	–
Forfeited	**(31,163)**	**–**	(62,451)	–	(31,607)	–	(13,706)	–
Vested/early exercise	**–**	**–**	(432)	–	(1,251)	–	(86,624)	–
Outstanding at 31 March 2022	**372,052**	**–**	185,409	–	131,364	–	35,985	–

The total charge in the year, included in administrative expenses, in relation to these awards was £0.1m (FY21: £0.1m).

The weighted average remaining contractual life of the outstanding share options based on the relevant vesting date as at the year end is 1.6 years (FY21: 1.4 years).

35. Transactions and balances with related parties

There were no transactions with related parties other than Directors and key management. Their remuneration, including share-based payment as detailed in note 10 to the Financial Statements, and their beneficiary owned shares, are detailed in the Remuneration Committee Report on page 94.

36. Post balance sheet events

After the year end, a sale and leaseback transaction was completed, relating to our site in Stockton-on-Tees. The freehold was sold for £5.0m and leased back at an annual rent of £350k. There was no material profit or loss on this transaction.

Company balance sheet

As at 31 March 2022

	Note	**2022 £m**	2021 £m
Assets			
Non-current assets			
Investments	3	**101.4**	101.3
Total non-current assets		**101.4**	101.3
Total assets		**101.4**	101.3
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year	4	**(52.1)**	(46.4)
Total current liabilities		**(52.1)**	(46.4)
Net current liabilities		**(52.1)**	(46.4)
Total liabilities		**(52.1)**	(46.4)
Net assets		**49.3**	54.9
Equity			
Called up share capital	6	**0.9**	0.9
Capital redemption reserve	7	**0.1**	0.1
EBT reserve		**(4.7)**	–
Retained earnings			
At 1 April 2021 and 2020 respectively		**53.9**	53.8
Loss for the year		**(0.3)**	(0.1)
Share-based payments		**0.1**	0.2
Share-based compensation options satisfied through the EBT		**(0.7)**	–
		53.0	53.9
Total equity		**49.3**	54.9

The notes on pages 143 to 146 are an integral part of these financial statements.

The financial statements on pages 141 to 146 were approved by the Board of Directors on 15 June 2022 and were signed on its behalf by:

M Carpenter
Chief Executive Officer

C Morgan
Chief Financial Officer

Motorpoint Group Plc

Registered number 10119755

Company statement of changes in equity

For the year ended 31 March 2022

	Called up share capital £m	Capital redemption reserve £m	EBT reserve £m	Retained earnings £m	Total equity £m
At 1 April 2020	0.9	0.1	–	53.8	54.8
Loss for the year	–	–	–	(0.1)	(0.1)
Transactions with owners in their capacity as owners:					
Share-based payments	–	–	–	0.2	0.2
	–	–	–	0.2	0.2
At 31 March 2021	**0.9**	**0.1**	**–**	**53.9**	**54.9**
Loss for the year	**–**	**–**	**–**	**(0.3)**	**(0.3)**
Transactions with owners in their capacity as owners:					
Share-based payments	**–**	**–**	**–**	**0.1**	**0.1**
EBT share purchases and commitments	**–**	**–**	**(5.4)**	**–**	**(5.4)**
Share-based compensation options satisfied through the EBT	**–**	**–**	**0.7**	**(0.7)**	**–**
	–	**–**	**(4.7)**	**(0.6)**	**(5.3)**
Balance at 31 March 2022	**0.9**	**0.1**	**(4.7)**	**53.0**	**49.3**

Notes to the Company financial statements

1. Summary of significant accounting policies

Motorpoint Group Plc (the 'Company') is incorporated and domiciled in the United Kingdom under the Companies Act 2006.

The Company is a public company limited by shares and is listed on the London Stock Exchange; the address of the registered office is Champion House, Stephensons Way, Derby, England, DE21 6LY. The principal activity of the Company is to provide the services of the Directors to the Group and that of a holding company.

(a) Basis of preparation

These Company financial statements for the year ended 31 March 2022 have been prepared in accordance with United Kingdom accounting standards including FRS 102 and the Companies Act 2006. These financial statements are prepared on a going concern basis, under the historical cost convention. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

The Directors of the Company are also Directors of Motorpoint Group Plc and have used the going concern principle on the basis that the current profitable financial projections and facilities of the consolidated Group will continue in operation for the foreseeable future, being a period of at least 12 months from the date of this report. The Company is in a net current liability position; however as Motorpoint Limited is a wholly owned subsidiary of the Company, those outstanding balances will not be settled unless the Company has the means to repay. For further details of the going concern status of the Group see page 116.

The Company financial statements have been prepared in sterling which is the functional and presentational currency of the Company and have been presented in round £m.

As permitted under section 408 of the Companies Act 2006 an entity profit and loss is not included as part of the published consolidated financial statements of Motorpoint Group Plc.

(b) Critical accounting judgements

The preparation of the financial statements requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity for the Group are disclosed in note 4 to the consolidated financial statements. There are no critical estimates or judgements specific to the Company.

(c) Investment in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amounts exceed the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment. Where equity-settled share-based compensation is granted to the employees of subsidiary companies, the fair value of the award is treated as a capital contribution by the Company and investments in subsidiaries are adjusted to reflect this capital contribution.

(d) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(e) Financial instruments

The Company is applying sections 11 and 12 of FRS 102 in respect of the recognition and measurement of financial instruments. Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

The Company classifies financial instruments, or their component parts, on initial recognition as financial assets, financial liabilities or equity instruments according to the substance of the contractual arrangements entered into.

(f) Financial equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

(g) Financial liabilities

Financial liabilities are classified on initial recognition as either other financial liabilities measured at amortised cost or at fair value through profit or loss.

(h) Share capital

Ordinary Shares are classified as equity. Costs incurred in issuing equity are deducted from the equity instrument.

(i) Employee benefits

(i) Pensions

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions are charged in the statement of comprehensive income in the year in which they become payable in accordance with the rules of the scheme.

(ii) Other employee benefits

The Group recognises an expense for other short-term employee benefits, primarily holiday pay and employee commissions and bonuses on an accruals basis.

Notes to the Company financial statements continued

1. Summary of significant accounting policies continued

(iii) Share-based compensation

Equity-settled share-based compensation to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The estimate is measured using the Black-Scholes pricing model and excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 34 of the Group's financial statements.

The fair value determined at the grant date of the equity-settled share-based compensation is expensed on a straight line basis over the vesting period, based on the Group's estimates of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the statement of comprehensive income such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to equity reserves.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Cash-settled share-based compensation to employees and others providing similar services is measured at the fair value of the equity instruments at the grant date. A liability is recognised at the current fair value determined at each balance sheet date and at settlement.

(j) Exemptions for qualifying entities under FRS 102

FRS 102 allows certain disclosure exemptions. The Company has taken the exemptions under FRS 102 paragraphs 1.12 (b), (d) and (e) from including the preparation of a cash flow statement and disclosure in relation to share-based compensation and key management compensation, since equivalent disclosures are included in the consolidated financial statements of the Group headed by Motorpoint Group Plc.

2. Employees and Directors

The Company has no employees other than Directors (FY21: none). Full details of the Directors' remuneration and interests are set out in the Remuneration Committee Report on pages 82 to 98.

There were no transactions with related parties other than Directors and key management remuneration including share-based payment as detailed in note 10 to the consolidated financial statements. The shares beneficially owned by the Directors of the Company are detailed in the Remuneration Committee Report on page 94.

3. Investments

	2022 £m	2021 £m
At 1 April	101.3	101.1
Share-based payment charge	0.1	0.2
At 31 March	**101.4**	101.3

At 31 March 2022 the Company had the following 100% owned subsidiary companies, all of whom are registered in England and Wales. Motorpoint Limited is the only direct subsidiary.

Subsidiary undertaking	Registered address	Principal activity	Registered number
Motorpoint Limited	Champion House, Stephensons Way, Derby, England, DE21 6LY	Motor vehicle retail	03482801
Chartwell Leasing Limited[1]	Champion House, Stephensons Way, Derby, England, DE21 6LY	Dormant	04100916
Auction 4 Cars Limited[1]	Champion House, Stephensons Way, Derby, England, DE21 6LY	Dormant	09603690
Motorpoint Group Plc Employee Benefit Trust[2]	12 Castle Street, Jersey, JE2 3RT	Employee benefit scheme	Not applicable

1 These subsidiary undertakings are entitled to exemptions under sections 476 and 480 of the Companies Act 2006 relating to dormant companies.

2 The EBT is consolidated in the financial statements of the Group on the basis that the Company has control as detailed in note 2 to the consolidated financial statements.

4. Creditors: amounts falling due within one year

	2022 £m	2021 £m
Bank loans and overdrafts	29.0	–
Amounts owed to Group undertakings	23.1	46.4
	52.1	46.4

Amounts due to Group undertakings are repayable on demand, unsecured and non-interest bearing. See note 9 for further details on borrowings.

5. Financial instruments

Financial instruments utilised by the Company during the year ended 31 March 2022 may be analysed as follows:

	2022 £m	2021 £m
Financial liabilities measured at amortised cost	52.1	46.4
	52.1	46.4

Financial instruments included within current assets and liabilities (excluding cash) are generally short term in nature and accordingly their fair values approximate to their book values.

The Company's financial liabilities are repayable on demand and therefore their fair value is equal to their book value.

6. Called up share capital

	2022		2021	
	Number '000	Amount £m	Number '000	Amount £m
Allotted, called up and fully paid Ordinary Shares of 1p each				
Balance at the end of the year	**90,190**	**0.9**	90,190	0.9

1 There has been no share buyback during FY21 and FY22.

Since the commencement of the current share buyback programme in 2019 as at 31 March 2022, 615,000 shares have been bought back and cancelled representing 0.7% of the issued Ordinary Shares, at a cost of £1.8m.

At 31 March 2022 the EBT held 1,372,677 (FY21: 34,841) Ordinary Shares of 1p each in the Company, the market value of which amounted to £4.7m (FY21: £0.1m). Details of outstanding share awards and options are shown in note 34 of the consolidated financial statements.

The Company does not have a limited amount of authorised capital.

7. Capital redemption reserve

The capital redemption reserve represents the purchase by the Company of its own shares and comprises the amount by which distributable profits were reduced on these transactions in accordance with s733 of the Companies Act 2006. £Nil (FY21: £0.1m) was transferred into the capital redemption reserve during the year in respect of shares purchased by the Company and subsequently cancelled.

8. Dividends

During the year no dividends were paid (FY21: £Nil).

The Board has not proposed a final dividend (FY21: £Nil) for the year ended 31 March 2022.

9. Borrowings

The Group's available borrowings consist of an unsecured loan facility provided by Santander UK PLC which is in place until May 2024 and is split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility. Further detail is available in note 23 of the consolidated Group financial statements. The revolving credit facility and the overdraft expire in May 2024. As at the reporting date £29.0m of the revolving credit facility (FY21: £Nil) and £Nil of the overdraft (FY21: £Nil) was drawn down.

The finance charge for utilising the facility is dependent on the Group's borrowing ratios as well as the base rate of interest in effect. During the year ended 31 March 2022 interest was charged at 1.4% (FY21: 1.4%) per annum. The interest charged for the year of £0.3m (FY21: £0.2m) has been expensed as a finance cost.

Notes to the Company financial statements continued

10. Commitments and contingencies

Capital commitments

The Company had no capital commitments at 31 March 2022 (FY21: £Nil).

Contingencies

There are no disputes with any third parties that would result in a material liability for the Company.

The Company acts as guarantor over the Group's £195.0m (FY21: £109.0m) stocking finance facilities with Black Horse Limited and Lombard North Central PLC.

11. Related parties

During the year, a management charge of £1.1m (FY21: £0.8m) was received from Motorpoint Limited in respect of services rendered.

During the year Motorpoint Limited paid interest of £0.2m (FY21: £0.2m) on behalf of the Company.

On behalf of Motorpoint Group Plc, Motorpoint Limited paid Directors' salaries and fees of £1.1m (FY21: £0.9m) during the year and has recharged this to Motorpoint Group Plc.

At the year end the balance outstanding due to Motorpoint Limited totalled £23.1m (FY21: £46.4m).

The Company grants share awards to employees of Motorpoint Limited as detailed in note 34 to the consolidated financial statements. As a result, there was a share-based payment charge of £0.1m (FY21: £0.2m) as disclosed in the Company's Statement of Changes in Equity with a corresponding increase in Investments.

Alternative performance measures 'APMs'

Introduction

We assess the performance of the Group using a variety of alternative performance measures that are not defined under IFRS and are therefore termed non-GAAP measures. The non-GAAP measures we use are: adjusted operating profit; adjusted PBT; adjusted EBITDA, adjusted EPS; GP/adjusted overheads ratio; operating cash conversion; EBITDA and ROCE. The rationale for using these measures, along with a reconciliation from the nearest measures prepared in accordance with IFRS, is presented below.

The APMs we use may not be directly comparable with similarly titled measures used by other companies.

GP/adjusted overheads ratio

We measure financial performance based on our gross profit/adjusted overheads ratio. The calculation of this measure is as follows:

Year ended 31 March	2022 £m	2021 £m
Gross profit	**106.3**	62.5
Adjusted overheads	**(81.3)**	(49.9)
Gross profit/adjusted overheads	**130.8%**	125.3%

In the current and prior year adjusted overheads is equal to operating expenses as a result of there being no exceptional items.

Operating cash conversion

We also measure financial performance based on operating cash conversion. The calculation of this measure is as follows:

Year ended 31 March	2022 £m	2021 £m
Cash (used in)/generated from operations	**(5.5)**	12.4
Operating profit	**25.0**	12.6
Cash (used in)/generated from operations/operating profit	**(22.0)%**	98.4%

EBITDA

Year ended 31 March	2022 £m	2021 £m
Profit before taxation	**21.5**	9.7
Finance expense	**3.5**	2.9
Depreciation	**7.3**	5.7
Amortisation	**–**	–
EBITDA	**32.3**	18.3

Return on capital employed ('ROCE')

A commonly used metric that can be used to compare performance to other financial businesses. It measures the profit (i.e. return) relative to the amount of capital employed. The higher the ROCE the greater the return for the capital employed in the business.

Year ended 31 March	2022	2021
Operating profit (£'m)	**25.0**	12.6
Average net assets (£'m)	**33.5**	23.9
ROCE (%)	**74.6**	52.7

Glossary

Term	Meaning
Adjusted basic Earnings per Share	Earnings attributable to equity shareholders adjusted for Exceptional Items/ weighted average number of Ordinary Shares during the year
Adjusted EBITDA	Earnings Before Finance Expense, Tax, Depreciation and Amortisation adjusted for Exceptional Items
Adjusted diluted Earnings per Share	Earnings attributable to equity shareholders adjusted for Exceptionals/ weighted average number of Ordinary Shares during the year adjusted for dilutive share options
Adjusted Operating Costs	Operating Expenses before Exceptionals
Adjusted Operating Profit	Operating Profit before Exceptionals
Adjusted Overheads	Operating Expenses before Exceptionals
Adjusted PBT	Profit Before Tax before Exceptionals
AGM	Annual General Meeting
APM	Alternative Performance Measure
CAGR	Compound Annual Growth Rate
Capital Employed	Average of the opening and closing position of the year for Net Assets adjusted for related party balances and legacy EBT liability
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CJRS	Coronavirus Job Retention Scheme
DEFRA	Department for Environment, Food and Rural Affairs
DTR	Disclosure Guidance and Transparency Rules
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EBT	Employee Benefit Trust
EPS	Earnings per Share
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FTE	Full Time Equivalent
GAAP	Generally Accepted Accounting Practice
GP	Gross Profit
GP/Adjusted Overheads	Gross Profit/Operating Costs before Exceptionals
HMRC	HM Revenue and Customs
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
INED	Independent Non-Executive Director
IPO	Initial Public Offering
LIBOR	London Interbank Offered Rate
LTIP	Long Term Incentive Plan
NBS	New Bridge Street
NED	Non-Executive Director
NI	National Insurance
NPS	Net Promoter Score
OEM	Original Equipment Manufacturer
Operating Cash Conversion	Cash generated from operations/operating profit
PBT	Profit Before Tax
PCI	Payment Card Industry
PCP	Personal Contract Purchase
PSP	Performance Share Plan
PwC	PricewaterhouseCoopers LLP
ROCE	Return On Capital Employed, being Operating Profit/Capital Employed
RSA	Restricted Share Award
SAYE	Save As You Earn
SECR	Streamlined Energy and Carbon Reporting
SID	Senior Independent Non-Executive Director
SIP	Share Incentive Plan
Structural Debt	Debt excluding stock finance facilities
VED	Vehicle Excise Duty

Shareholder information and advisers

Registered office
Motorpoint
Champion House
Stephensons Way
Derby DE21 6LY
United Kingdom

Company number
10119755

Company secretary
Chris Morgan

Joint stock brokers
Numis Securities Limited
45 Gresham Street
London
EC2V 7QA

Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London W1S 4JU

Share listing
MOTR.L 1 pence Ordinary Shares are listed on the London Stock Exchange and are the only class of shares in issue

Independent Auditor
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One Chamberlain Square
Birmingham
B3 3AX

Legal advisers
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30 Crown Place
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Registrar
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Central Square
29 Wellington Street
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FTI Consulting
200 Aldersgate
Aldersgate Street
London EC1A 4HD
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Bankers
Santander UK PLC
2 Clumber Street
Nottingham NG1 3GA

Financial calendar

27 July 2022	Annual General Meeting
Early October 2022	Half Year Trading Update
Late November 2022	Interim Results Announcement

Shareholder enquiries
Our registrars will be pleased to deal with any questions regarding your shareholdings on 0333 300 1950 (calls are charged at the standard geographic rate and will vary by provider) or email enquiries@linkgroup.co.uk. Alternatively, you can access www.signalshares.com where you can view and manage all aspects of your shareholding securely including electronic communications, account enquiries or address amendments.

Investor relations website
The investor relations section of our website, www.motorpointplc.com, provides further information for anyone interested in Motorpoint. In addition to the Annual Report and Accounts and share price, Company announcements including the full year results announcements are also published there.

Cautionary note regarding forward-looking statements
Certain statements made in this Report are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. They appear in a number of places throughout this Report and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Persons receiving this Report should not place undue reliance on forward-looking statements. Unless otherwise required by applicable laws, regulations or accounting standards, Motorpoint Group Plc does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Notes

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