

# There's no car like a Motorpoint car



## ABOUT US

# Car buying made easy

MOTORPOINT IS THE UK'S LEADING RETAILER OF NEARLY NEW VEHICLES.



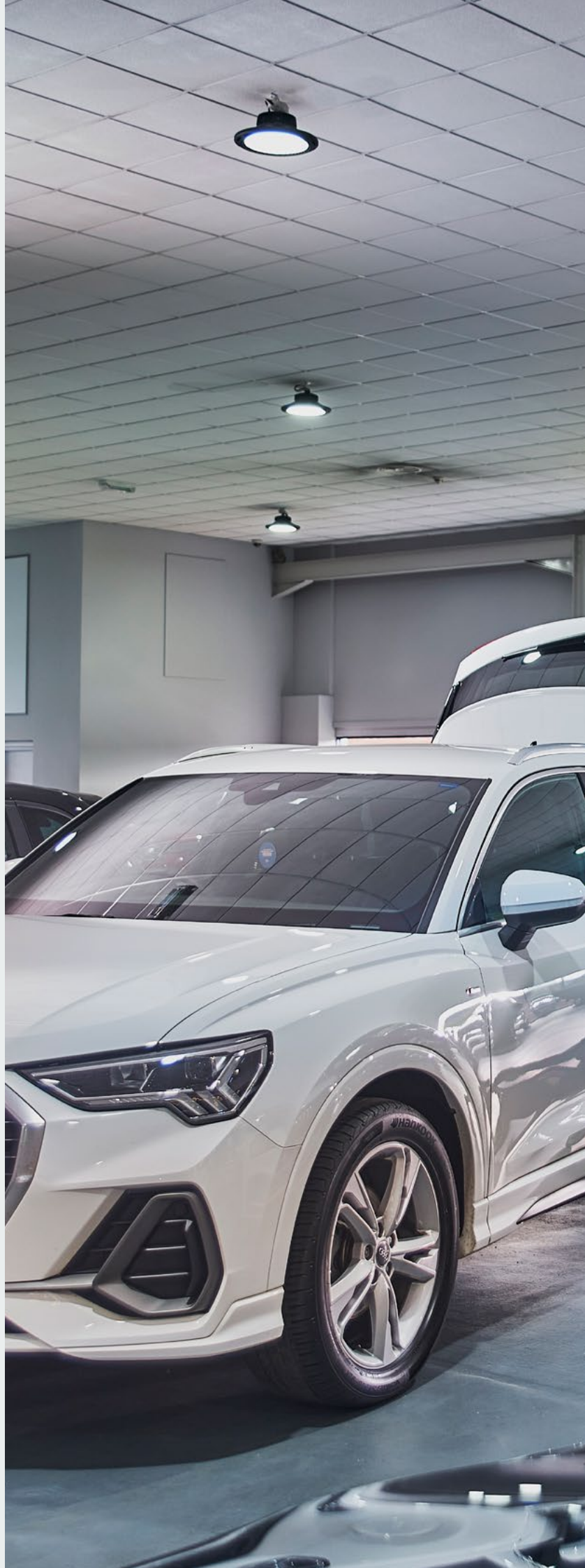
Making car buying easy has been our purpose for 25 years. It's the reason why we have such a rich history of adapting to the needs of our customers and continually innovating to deliver the best car buying experience possible.

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

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



For the latest investor relations, visit our website:  
[www.motorpointplc.com/investor-relations/why-invest/](http://www.motorpointplc.com/investor-relations/why-invest/)





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# 2023 HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

### Record turnover

£1,440.2m

2023	£1,440.2M
2022	£1,322.3M

### Online revenues

£660.5m

2023	£660.5M
2022	£624.9M

### Vehicles sold

89.7k

2023	89.7K
2022	97.7K

### Units sold online

60%

2023	60%
2022	60%

### Loss before taxation

£(0.3)m

2023	£(0.3)M
2022	£21.5M

### Gross profit per retail unit

£1,300

2023	£1,300
2022	£1,446

### Vehicles sourced from customers

23.8%

### Market share

0-4 year old car market<sup>1</sup>

3.5%

### Average share

30 min drive time from store

8.9%

### Ninth consecutive year in "The UK's Best Companies To Work For"<sup>2</sup>

Top 100

### Net Promoter Score ('NPS')

84

### Our 20th store opened in Ipswich in May 2023

20 stores

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.

## AT A GLANCE

### OUR PURPOSE

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Our purpose is to make car buying easy.

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

### OUR VISION

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

### PEOPLE POWERED

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

➔ Find out more on [pages 40 - 47](#)

### OMNICHANNEL AND CUSTOMER CENTRIC

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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.

➔ Find out more on [page 8](#)



# There's no car like a Motorpoint car

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



## Expand wholesale and E-commerce channels

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



## 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.



## Rapidly upscaling our E-commerce capability

Substantial increase in technology, data and marketing investment.



## Operational efficiency through technology and innovation

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

Underpinned by a commitment to:



**Stakeholder engagement**

→ pages 29 - 32



**Our People and Culture**

→ pages 40 - 47



**Our Communities and the Environment**

→ pages 44 - 45



**Governance**

→ pages 75 - 114



**Risk Management**

→ pages 62 - 72

# What makes us different

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

25 years of customer insight and innovation

Retail sales of nearly new vehicles – focused on those under four years and less than 30,000 miles

Always low prices delivering great value

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

Nationwide store network

Buying cars direct from customers

Inventory management, vehicle reconditioning, logistics and store operations expertise







## Digital transformation providing opportunities for growth

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

Relentless focus on E-commerce

Increasing shift to online provides operating model opportunities

Website improvements boosting traffic

Significant investments in technology and marketing

Expanding digitally led car buying service

## OUR BUSINESS AND OUR MARKET

# A Group focused on growth through two distinct brands

### MOTORPOINT

Our retail offer of nearly new cars that are mostly under four years old and have completed less than 30,000 miles provides customers with an omnichannel purchasing journey combining online with 20 retail stores nationwide (at the time of publication of this report). We also offer a large range of commercial vehicles under the Motorpoint brand.

<4 years  
<30,000 miles

Online & in store

Nearly new consumer vehicles  
Light commercial vehicles

### CONSUMER OMNICHANNEL

#1  
Value retailer

84  
NPS

25  
Years as a  
leading player  
in the nearly  
new market

### AUCTION4CARS.COM

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.

>4 years  
>30,000 miles

Online only

Wholesale vehicles

Low  
Cost base

£130  
Lowest online  
average buyers'  
fees



## THERE'S NO CAR LIKE A MOTORPOINT CAR

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

### CHOICE

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Choice for our customers means not only the model and price range of available vehicles we stock, but also the options through which they can view, purchase, and take delivery of their vehicle such as Same Day Driveaway, Home Delivery or Contactless Collections.

555

**makes and models in stock**

### SERVICE

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

### OUR PEOPLE

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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.

→ Find out more on [pages 40 - 47](#)

### VALUE

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

99.5%

**of vehicles priced Good,  
Great or Low on AutoTrader  
in FY23**

### QUALITY

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

84

**Net Promoter Score**







## OUR CUSTOMERS' JOURNEY

# We make car buying easy by being online and in store

EASY TO  
FIND  
|

IN  
STORE

Store locations  
Customer agents  
within stores

ONLINE

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

BENEFITS

Extensive  
choice

Great value –  
Motorpoint  
Price  
Promise

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

**EASY TO VIEW**

Diverse and vast range of stock to browse and test drive

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

**EASY TO BUY/ SELL YOUR CAR**

Enthusiastic team to help customer through the sales process

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 store  
Handover done in less than 30 mins

**EASY TO CONTACT**

Quality, service and fulfilment support both online and in store

Competitive part exchange prices

Flexible finance options

Car buying service available

Payment made within minutes of deal being agreed

Award winning customer service

7 day exchange guarantee

High quality and standards guaranteed

## MARKET OVERVIEW

The Group has made good progress on its strategic objectives, delivering record revenues, whilst executing on its investment strategy for growth, despite difficult macroeconomic conditions which have impacted profitability.

Significant improvement of our market share in nearly new vehicles despite a fall in used car sales.

### Revenues

£1,440.2m

2023	£1,440.2M
2022	£1,322.3M

### Market share (0–4 year old vehicles)

3.5%

2023	3.5%
2022	3.1%

### Size of market

(0–4 year old vehicles; source: SMMT)

1.55m

2023	1.55M
2022	1.87M

17%

shrinkage in 0–4 year old market compared to FY22 (source: SMMT)

### Car market

Motorpoint's core proposition is 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 (Society of Motor Manufacturers and Traders), which give us transaction volumes for target market cars but do not include recorded mileage. We therefore use the transaction volumes as a proxy for our available market. The used car market continued to be influenced by the knock-on effect of the chip shortages limiting new car production. The exceptional inflation experienced in the previous year subsided in FY23, and we generally saw a return to more normal levels of slight month on month deflation. The exception related to Electric Vehicles, where we experienced accelerated depreciation in the second half of FY23, which impacted our margins. Towards the end of FY23, our new car supply started to improve. This provided the opportunity to source more vehicles directly, and this trend is expected to continue in FY24.

### Consumer confidence

During FY23 consumers faced rising inflation and interest rates which resulted in increased uncertainty, and the resultant downturn inevitably impacted financial performance. Despite this slowdown in demand, coupled with supply challenges for most of FY23, we still managed to significantly grow our share of the market. Based on our customer data, the use of digital services is becoming universal amongst car buyers. Some degree of physical connection continues to be preferred by most customers to provide reassurance and trust in their purchase. In other words, UK consumers prefer to buy used cars and ancillary services on a cross channel basis, using digital channels and physical touchpoints interchangeably on their purchase journey. Looking forward, we expect the supply pressures to further ease, although it is more difficult to predict the economic conditions. The war in the Ukraine unfortunately continues, although we may expect softening in interest rates and inflation as the year progresses. Whilst this may be welcome, there is likely to be continued pressure on discretionary spending power and consumer sentiment. However, Motorpoint, through its price leadership, will continue to offer the best value to customers and has a strong track record of demonstrating resilience in a downturn.





“The best customer service ever”

**Trustpilot, Motorpoint website,**  
April 2023

**23.8%**  
cars retailed purchased  
directly from consumers

**1,494**  
Big increase in the sale  
of Electric Vehicles (2022: 631)

**89.7k**  
vehicles sold, inc 32.4k via  
Auction4Cars.com platform

## HOW WE DELIVER 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. Investment in technology is delivering operational efficiency.

### Key strengths and resources

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#### **New stores and growth opportunity**

We can open wherever we see a market opportunity; speed and scale are in our control. Existing dealerships tend to be cheaper to fit out.

#### **Breadth of stock**

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

#### **Retail product offer**

Our retail proposition continues to be 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 team engagement programmes; marketing can be via any channel or into any geography; our modest showroom fit out costs support Motorpoint's value proposition.

#### **Financing**

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

#### **Car buying**

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

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### Underpinned by our values

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

## → How we deliver for our customers

### Retail stores

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



### Home delivery

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



### Retail websites

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



### Part exchanges

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



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

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.



### 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.

# Motorpoint is focused on growth and transformational improvement

## INTRODUCTION

I have been with Motorpoint for 17 months and am impressed by what the Group has achieved against a challenging macroeconomic and industry backdrop. To have delivered record revenues of £1,440.2m and increased market share to 3.5% in its target market of 0–4 year old vehicles is to be commended. The company faced rising financing costs, constrained stock availability and pricing shocks to Electric Vehicle inventory, but nevertheless was able to continue to make a number of important strategic investments. Although greater yearly profitability was expected early in the year, our stated goal has been to invest in growth and new strategic capabilities to the extent possible while remaining profitable. Although the company eventually made a small loss in a difficult trading environment, I am pleased with the progress made.

I have highlighted below my thoughts on the current landscape of the UK's used car market, strengths of the Motorpoint model, and why I believe there is an opportunity for Motorpoint to continue gaining market share and, as the UK economy normalises, substantially grow profit.

### Market context

The UK used car market is highly fragmented among branded new car franchises, local and regional used car dealers, and emerging online companies. The industry's car sales practices are fairly entrenched, organised around a physical store model with high costs, and generally not favoured or well trusted by consumers compared to other retail shopping experiences. The supply side of the used car market is similarly unchanged for most used car dealers. It has traditionally been limited to part exchanges, purchases off lease, bulk purchases from OEM manufacturers and rental fleets, and purchases from a wholesale trade marketplace.

Both sides of the market, sales and supply, have recently experienced intensified competition. New car franchises have shifted more attention to used cars to cover for lower new car production, new online-only sales models have emerged, and constrained used car supply has caused all players to compete more aggressively for stock from all sources.

The growth of the online channel and use of contemporary technology presents an opportunity, at least in theory, to disintermediate the used car market by selling direct to consumers through a lower cost, higher service model, by buying direct from consumers or via new online marketplaces, and by building brand leadership and market share through aggressive marketing.

Used car competitors can respond to this opportunity in a range of ways, from building a basic-catalogue type website to spending massive money on technology and marketing on



“As Motorpoint continues to improve its omnichannel customer experiences and data-driven processes, and to invest in more effective marketing and store expansion, its brand awareness, market share, sales and profits should rise, creating a substantially bigger and more profitable business.”

**John Walden**  
Chair



an online only model in hopes that scale can eventually cover central costs and show profit. We believe that Motorpoint and its strategic approach are uniquely positioned to become a leader in this changing used car market and thereby grow revenues and profit substantially.

### Customer proposition

Based on our customer data, the use of digital services is becoming universal amongst car buyers and sellers. However, some degree of physical connection continues to be preferred by most customers to provide reassurance and trust in the transaction. In other words, UK consumers prefer to buy used cars and ancillary services on a cross-channel basis, using digital channels and physical touchpoints interchangeably in their purchase journey. Similarly, consumers prefer a cross-channel approach to selling their cars, as online sources provide pricing and other data while a physical connection is required to validate and collect the vehicle. Motorpoint, as an omnichannel retailer, is perfectly positioned to serve this need and is developing integrated consumer journeys to provide a digital channel, store sales and service channel, and home delivery and collection options, underpinned by sophisticated data, that allows customers to learn, shop and build confidence and trust in their purchase or sale and helps Motorpoint know just what degree of assistance is needed at each stage of the journey.

This innovative customer experience, coupled with Motorpoint's price and service offer, should provide a leading proposition in the market.

### Growth

Motorpoint has seen its market share grow with increased brand awareness. Importantly, we also see this awareness grow where we have a local store presence. Where Motorpoint has stores and has deployed targeted marketing programmes, its mature market share of 0-4 year old vehicles is 8.9% compared to 3.5% nationally.

The profitability profile of a Motorpoint store is also favourable. Historically, in a normalised economic environment a new store turns profitable in its second year and at maturity can generate profit in excess of £2m-£3m per annum. With ongoing improvements to its digital and store customer experiences, and expanded and improved marketing, we believe that Motorpoint's mature and national market shares can be higher and its timeline to maturity accelerated.

Motorpoint has stores in 20 market regions and believes up to 25 markets are targets for future stores, leaving ample growth opportunity. With national brand awareness, a strong digital offer and an expanded network of service points, we would expect market share outside of store catchments to grow as well.

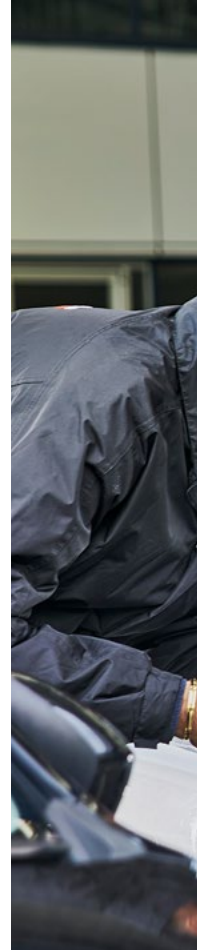
### Value creation

Motorpoint is today one of the best operators in the UK's used car market, as measured by its strong margin per car sold while simultaneously providing a lowest price promise, and industry leading NPS. With over 25 years of experience, it has proven its superior pricing models and market-leading efficiency in inventory management, vehicle re-conditioning, logistics and store operations. Motorpoint is using technology to further reduce costs across business processes and operations, including to reflect the cost saving opportunities in stores and call centres from increased consumer take-up of Motorpoint's improved digital services.

In the near term we expect the market for used cars in the UK to continue to be difficult due to, among other things, softened consumer demand, limited stock availability and high financing costs. However, we believe Motorpoint will emerge from the current depressed consumer market a more efficient and competitive business having made progress on multiple key strategic initiatives in technology, marketing, and its digital and physical channels. Over the long term we will make further investments, offset to a degree by efficiencies across the business. As Motorpoint continues to improve its omnichannel customer experiences and data-driven processes, and to invest in more effective marketing and store expansion, its brand awareness, market share, sales and profits should rise, creating a substantially bigger and more profitable business.

I would like to thank all of my colleagues at Motorpoint, at our Head Office and across the UK network, for their continued hard work and commitment. Whilst the current macroeconomic environment and car industry pose challenges for our company and UK consumers face significant uncertainty, I remain 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  
14 June 2023



# There is a significant opportunity for Motorpoint to become a larger, highly profitable market leader

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

## INTRODUCTION

### Overview

During FY23, we continued to execute on our investment strategy to offer our customers a truly holistic experience when it comes to purchasing a used car, with guaranteed access to our outstanding price leadership proposition.

I am pleased that we achieved record revenue of £1,440.2m, up 8.9% on FY22, of which £660.5m was derived from E-commerce sales (FY22: £624.9m). This was helped by vehicle mix and inflation, but we also achieved meaningful market share gains in a smaller market due to investment in new geographical areas, digital and technology capability, and price leadership.

As previously highlighted, we experienced a number of headwinds in FY23, which impacted profitability.

Rapidly rising inflation, consumer uncertainty and worldwide vehicle supply chain challenges are significantly affecting the used car market. For example, the market for our 0–4 year old sector has fallen from a pre Covid high of 2.45m sales per annum to 1.55m.

In addition, higher interest rates also resulted in lower finance commissions where we chose not to pass the full cost increases onto customers, and our interest costs of £7.1m more than doubled from FY22.



“We are the UK’s leading omnichannel used vehicle retailer, investing for significant, profitable long term growth.”

**Mark Carpenter**  
Chief Executive Officer



**84**  
Net Promoter Score

In a year we have  
stocked over  
**555** models

**8.9%**  
market share within  
30-minute drive time  
of a store  
(0–4 year old car market)

As a result of our strong performance in key strategic areas, the Group has made good progress on these targets. Since the objectives were announced, the Group has benefitted from high vehicle inflation and car mix, increasing the average selling price per vehicle; however, challenges in availability and then weaker demand in the used car market has materially hindered unit sales growth.

In the year, our share of the 0–4 year old market increased to 3.5% (FY22: 3.1%, and from 2.4% when the strategy was launched), whilst market share within 30 minute drive time of a store increased to 8.9% (FY22: 7.7%). There is clear correlation between market share and unprompted brand awareness.

Margins were also eroded by the well-documented fall in Electric Vehicle prices in the latter part of FY23 with as much as a 30% reduction in stock values over a four month period. These factors influenced the reduction in profitability, resulting in a loss before taxation of £0.3m, down from a profit of £21.5m in FY22. Despite these headwinds we consciously continued to execute our planned investment in strategic objectives, which cost an incremental £6.1m in FY23. We have worked hard during the year to manage non-strategic costs, and headcount at year end had dropped to 794 (FY22: 928), even with the opening of new stores.

Our cash position has improved significantly since the end of FY22, despite the lower profitability. Net cash, excluding lease liabilities, at year end was £5.6m (as set out on page 160), compared to net debt of £(21.2)m in FY22. This was largely due to the use of the stocking facilities, which allowed full repayment of the £29.0m revolving credit facility during the first few months of FY23.

We believe that there is a significant opportunity for Motorpoint to become a larger, highly profitable market leader in a changing and

fragmented market. This will involve investments over time in data-driven technology, digital and store customer experiences, and growth including marketing and store expansion. In the shorter term, the business is expected to benefit from the increase in new car registrations, therefore expanding supply.

**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 stores 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.

Two more new stores opened successfully in FY23, namely Edinburgh and Coventry. Both are in strategically significant regions, and we are pleased with their performance. Ipswich, our 20th store, opened in May of this year. While difficult trading conditions remain, we will pause our new store rollout programme, as we concentrate on investment that offers the best near term return.

During FY23, we have made rapid progress enhancing our digital capability. We are seeing the benefits of hiring an experienced Chief Digital Officer, who has built up an in-house digital team, with a significant increase in digital sales leads. We also opened our new state-of-the-art Tech Hub in Manchester to help us attract the best talent in the digital industry as we enhance our online presence. Our website has been subject to much investment, and now includes a new, lifestyle inspiring landing page, improved search workings, imagery, product information, drop down functionality and a more premium look and feel.

In addition, work has been progressing quickly on integrating marketing platforms, SEO enhancements, targeted brand awareness and communication,

and eCRM capability. These enhancements are all designed to improve the customer journey and increase efficiency.

We continually enhance the way in which we use data to make informed decisions, particularly with regard to how we price vehicles. Our capability has been bolstered with the introduction of Tom Tang who joined Motorpoint as Chief Technology Officer in March. Tom has over 20 years of experience in technology leadership with his recent roles as CIO, Alliant Energy, Sainsbury's and Argos. Tom is an advocate of the benefits of AI capabilities which benefit both the customer and employee. A key focus for the business has been the use of automation to improve efficiency, whether it be making things easier for customers in store and on the website or automating back office functions. Automation progress will further accelerate as Tom settles into the business.

The investment that we undertook in FY23 was to build a market leader. This included future-proofing the business, providing us with enhanced technology capabilities to improve our customer proposition and automation to drive efficiencies, both of which help us to withstand tougher market conditions. The Group is now better positioned for the future, and we are in a position to scale back on our investment spend, utilising these new capabilities, and focus only on pursuing the most impactful strategic investments.

## Customers

As we innovate our omnichannel customer experiences, our highly engaged team continued to deliver our market leading proposition of Choice, Value, Service and Quality to our loyal customers with an unerring focus on customer satisfaction. Our NPS for sold vehicles remains at a record high 84.

During FY23, we introduced Project One, which is Group wide, and looks at how Motorpoint will operate in the future to seamlessly join our online

and in store customer journey. The focus currently is on improving customer experience, and how we can serve them even better, linking their in store experience to online research. How customers shop with us is becoming increasingly interchangeable between channels.

## Our team

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

During the year, we introduced new and improved tools to help us attract and retain the best talent including a new careers website and e-applicant tracking system, an onboarding tool and a powerful internal communication platform. We are already seeing the benefits of attracting top talent and we were pleased to receive an increased number of applicants for positions at our new store in Ipswich.

We believe that the engagement of our team is directly correlated to our customer satisfaction, and we sponsor multiple initiatives to enhance their experience with Motorpoint. Our 'One Big Dream' initiative has been a huge success, with our people using two paid hours per month for their own fulfilment. We are proud to have again been selected in the UK's 100 Best Companies to Work For, our ninth consecutive selection.

At my senior team level, with the introduction of Kal Singh, Chief Operating Officer, in December and more recently, Tom Tang, Chief Technology Officer, in March, I believe that all the building blocks are now in place to further accelerate our strategic objectives.

## Environmental, Social and Governance ('ESG')

The Group has made significant progress on its ESG strategy. The

ESG Committee is fully operational and has been instrumental in setting out appropriate ESG targets. We want to be viewed as the most environmentally friendly used car retailer.

During FY23 we have had a specific focus on 'GHG emissions and reductions', 'recycling, waste recovery and reductions', and 'energy use, conservation and reductions'. We delivered a 7.3% reduction in energy usage per square foot compared to FY22, and waste to landfill was practically zero (0.2%). Also, water consumption fell by 15.4% in the year. Working towards these targets has seen us make good progress in data availability, visibility, and awareness across the business. Throughout FY23 we have remained committed to energy management, championing this through internal communication channels which promote and incentivise energy efficiency.

From an Electric Vehicle (EV) standpoint, FY23 saw us make substantial progress upgrading our estate to support this expanding part of the market. We sold 137% more EVs this year compared to FY22.

## Outlook

As already mentioned, rising inflation and interest rates, consumer uncertainty and vehicle supply challenges significantly affected the used car market and impacted our financial performance in FY23. However, Motorpoint has a strong track record of demonstrating financial resilience in a downturn, with market share gains and an ability to effectively manage cash resources. This ability will allow the Group to continue investing prudently in our strategic objectives. The Group expects to emerge in a normalised market as a leaner and more valuable business ready to seize a significant opportunity. Our short term focus is on cash conservation by increasing margin and lowering our cost base, which will improve profitability.

**Mark Carpenter**  
Chief Executive Officer  
14 June 2023



## KEY PERFORMANCE INDICATORS

# It's important that we measure our performance

### FINANCIAL KPIS<sup>1</sup>

#### Revenues (£m)<sup>2</sup>

£1,440.2m

2023	£1,440.2M
2022	£1,322.3M
2021	£721.4M
2020	£1,018.0M
2019	£1,058.7M

#### Gross profit (£m)<sup>2</sup>

£85.7m

2023	£85.7M
2022	£106.3M
2021	£62.5M
2020	£78.9M
2019	£79.9M

#### Gross profit per retail unit

£1,300

2023	£1,300
2022	£1,446
2021	£1,254
2020	£1,152
2019	£1,150

#### (Loss) / Profit before tax (£m)<sup>2</sup>

£(0.3)m

2023	£(0.3)M
2022	£21.5M
2021	£9.7M
2020	£18.8M
2019	£22.2M

#### Net Cash/(Debt) (£m)<sup>2,5</sup>

£5.6m

2023	£5.6M
2022	£(21.2)M
2021	6.0M
2020	£0.8M
2019	£13.8M

#### ROCE<sup>2,7</sup>

17.3%

2023	17.3%
2022	74.6%
2021	52.7%
2020	96.5%
2019	96.2%

### Strategic Report

Governance

Financial Statements

### NON-FINANCIAL KPIS

#### Estimated sales from digital leads<sup>4,8</sup>

21.1k

2023	21.1K
2022	19.3K

#### Market share (0-4 year old market)<sup>4</sup>

3.5%

2023	3.5%
2022	3.1%
2021	2.4%

#### Net Promoter Score<sup>3</sup>

84

2023	84
2022	84
2021	83
2020	81
2019	78

#### Number of stores at year end<sup>6</sup>

19

2023	19
2022	17
2021	14
2020	13
2019	12

1 Definitions of terms can be found in the Glossary on page 161.

2 The KPIs for FY19 have been restated following the adoption of IFRS 16 in FY20.

3 The 2021 data is based on H2 of that year, which is considered to be more representative due to lockdowns during the COVID-19 pandemic.

4 Data not tracked on a like by like basis for the full five year period.

5 Cash less borrowings, excluding lease liabilities (as set out on page 160).

6 Number of open stores at year end.

7 Operating profit relative to the average of opening and closing net assets (as set out on page 160).

8 Based on number of reservations, test drives, and enquiries originating from digital channels.

Two new stores opened in FY23 taking our total stores up to 19, and a 20th store opened in May 2023, improving national coverage.



## 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.

“The strategy has proven successful despite challenging headwinds. As a consequence of the fall in new car production, our market has shrunk, although we continue to take a greater share of our available market.”

**Mark Carpenter**  
Chief Executive Officer

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



### Rapidly upscaling our E-commerce capability

- Experienced CTO joined in March 2023
- 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
- More frequent and targeted email communication
- New tech hub launched in Manchester store – help attract best talent



### Increase customer acquisition and retention

- Appointment of a brand new position, Customer Excellence Director
- Two new stores in FY23 and a further store in May 2023
- Share of voice growth and improved brand awareness
- Price leadership maintained
- Growth in MyMotorpoint accounts
- Increased product choice for customers
- Focus on social media
- Project One launched to further improve customer experience at all touchpoints
- New brand advertising campaign launched in December 2022



### Expand wholesale and E-commerce channels

- Further investment in infrastructure, technology and brand marketing
- Car buying service is a fully automated digital first operation
- Website enhancements to improve customer journey
- Auction4Cars.com operates as an automated digitally led marketplace
- Low purchase fees for dealers



### Operational efficiency through technology and innovation

- Further development of QC app to measure preparation efficiency
- Prep time improvement from 9.4 days to 8.3 days (0–4 year old cars)
- Automated payments solution launched
- New telephony collaboration platform launched
- Enhancements to encourage customers to complete journey online, freeing up time for employees
- Headcount fall supported by automation and customer self-serve

# Upscaling our E-commerce capability

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

Motorpoint’s visibility in Google’s search listings is up over 176% year on year, capitalising on investment in the website, content and marketing teams.

### Link to strategy



Rapidly upscaling our E-commerce capability



Operational efficiency through technology and innovation

### FY23 highlights

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

### High performance digital team now embedded

#### Digital Marketing

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

#### Product

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

#### Content and Design

- Content team recruited to drive SEO through written and video content
- In-house User Experience and User Interface teams recruited to test and enhance Customer Experience

21.1k  
**Estimated sales from digital leads**  
 2022: 19.3k

+12.5%  
**Mobile traffic**  
 Year on year Q4 growth

STRATEGY PERFORMANCE FOR 2023

# Growing our market share

Creating a true omnichannel experience for customers

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

### FY23 highlights

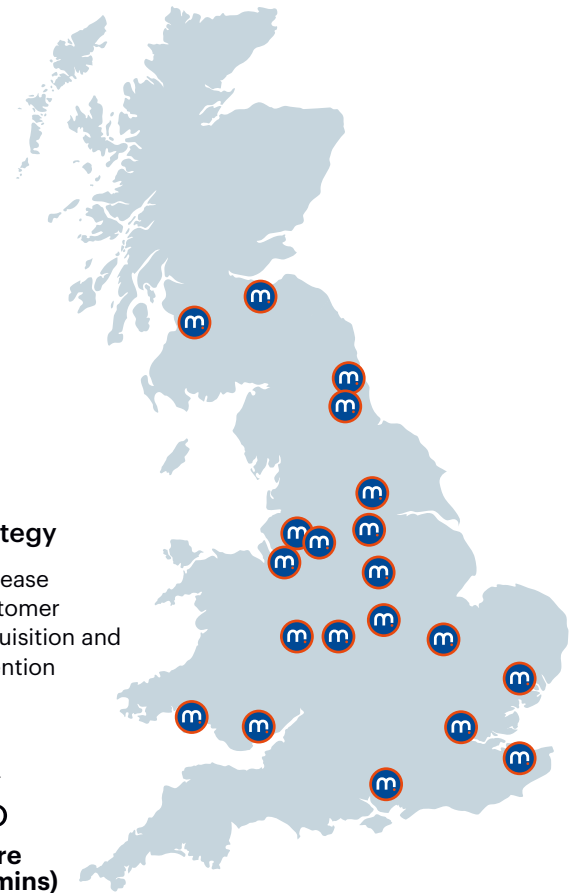
- New brand proposition launched in December 2022 focusing on our product quality and unbeatable prices – There’s no car like a Motorpoint car
- Multichannel awareness driving campaign launched on Christmas Day
- Six new market area locations since October 2021 (at time of publication of report)
- New branches accelerate market share in new markets
- Price leadership linked to significant market outperformance
- Increased product choice for customer (SKU unique mix over 80%)
- EVs sold up 137% compared to FY22

### Link to strategy



Increase customer acquisition and retention

**8.9%**  
market share  
(within 30 mins)



- Customer Board introduced – to enhance customer experience and KPIs
- Project underway to establish how Motorpoint will operate in a future omnichannel world – best service, best customer experience, seamless website and branch experience; remuneration packages modified to drive market share further

**3.5%**

Market share  
(0–4 year old car market)  
2022: 3.1%

**20**

Stores nationwide  
(at time of publication of this report)

# Operational excellence

Operational efficiency through technology and innovation

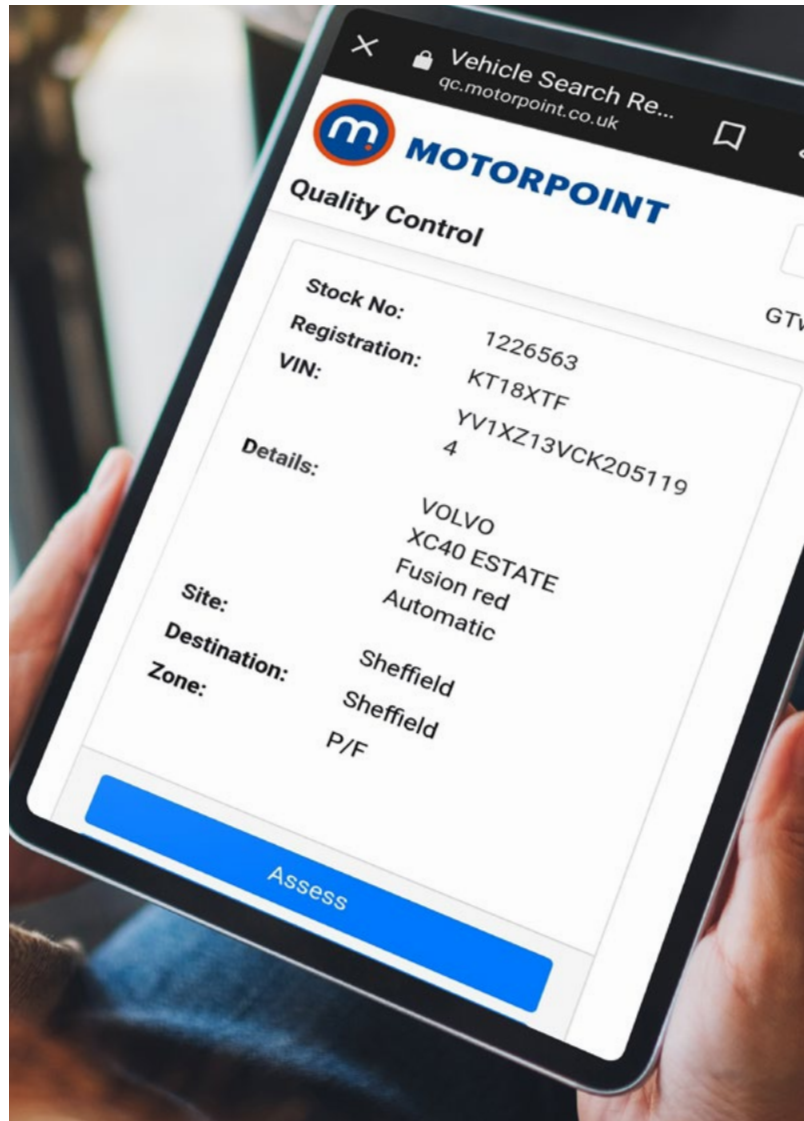
## Link to strategy



Operational efficiency through technology and innovation

### FY23 highlights

- Efficiency improvements in store, preparation and back office functions
- Automation supporting headcount reduction, despite increases in digital capability and new stores
- Ongoing review of remaining manual processes to establish what can be automated, along with customer self-serve
- Further development of QC app helped time taken to prepare a car by 12% from previous year
- Store LFL headcount reduction following automation and customer self-serve
- Company-wide procurement review launched providing cost saving benefits
- As well as website enhancement, projects include Salesforce CRM, IT hardware refresh, networks upgrades and new Collaboration platform to enhance customer service



12%

reduction in preparation time on 0-4 year old cars in FY23

## SECTION 172 STATEMENT

# Our stakeholders at the heart of our model

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

Board decision making will always encompass:

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

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

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

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

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

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


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

This Section 172 statement signposts in more detail some of the key ways in which we have engaged with stakeholders across the year ended 31 March 2023 and built confidence in the sustainability of their relationship with the Group. It should be read in conjunction with:

- the Chair's statement on pages 18 and 19
- the Chief Executive's statement on pages 20 to 23
- the ESG report on pages 33 to 49
- the Chief Financial Officer's review on pages 58 to 61
- the Risk landscape from pages 62 to 72
- the Governance and related reports from pages 76 to page 114

## 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
<b>Our people</b>	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.	<ul style="list-style-type: none"> <li>• b-Heard annual engagement survey twice a year, February and September</li> <li>• Conducted a DEI survey in September 2022</li> <li>• Launched Workplace – our new internal communications platform – to improve communication between teams and across the business</li> <li>• We have set up a designated session for all stores and team members to receive dedicated monthly time with the Senior Leadership Team (‘SLT’), driving more engagement across the whole business with the SLT</li> <li>• Training and talent development programmes that are now a mix of in person and online</li> <li>• Monthly SLT/CEO listening groups called “Ask me Anything” carried out across the country</li> <li>• Designated NED (Non Executive Director) overseeing workforce engagement and ensuring updates are provided to the rest of the Board</li> </ul>	<ul style="list-style-type: none"> <li>• b-Heard results and annual people plan presented to the Board at January Board meeting</li> <li>• Have held various SLT sessions on DEI, with an external DEI specialist, creating our strategy and SLT commitments</li> <li>• Continued to offer health and wellbeing initiatives with mental, physical and financial support</li> <li>• We committed to ensuring we pay at least the Real Living Wage</li> <li>• People reports at scheduled Board meetings</li> <li>• Annual pay review and reports to the Remuneration Committee who approved an additional “Cost of Living” pay review in January 2023</li> <li>• We’ve invested in salary levels in key strategic areas of the business and raised the Motorpoint living wage in line with the national living wage</li> </ul> <p> <b>pages 40 - 47</b></p>
<b>Our customers</b>	We’re here to help our customers buy the car they want, in the way they want. Our Choice, Value, Service and Quality proposition is reliant on having the right partnerships to enable us to deliver for customers. We have an unerring focus on customer satisfaction.	<ul style="list-style-type: none"> <li>• Direct feedback sought on a regular basis via NPS (84 in FY23), Feefo (Platinum rate) and Google reviews</li> <li>• Monitoring/reporting of sales, footfall, website traffic and internet search analyses</li> <li>• Dedicated customer care team</li> <li>• Social media and websites</li> <li>• Project launched to improve all aspects of customer journey</li> <li>• Direct contact in stores</li> </ul>	<ul style="list-style-type: none"> <li>• High NPS score</li> <li>• Strong repeat and referral business</li> <li>• Use of data to better understand customer needs, and addressing these</li> <li>• Customer research is informing the development of a vehicle and customer data profile</li> </ul>
<b>Our suppliers and partners</b>	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.	<ul style="list-style-type: none"> <li>• Standard terms of business and regular supplier meetings</li> <li>• Contingency planning should there be a failure in the supply chain</li> <li>• Supplier and distributor onboarding due diligence (financial, quality, business integrity and compliance, component supply, modern slavery, etc)</li> <li>• Ongoing management of supplier relationships</li> <li>• Procurement review undertaken to assess how we improve efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• CEO and Senior Management Team focus on supply chain challenges arising from expanding into new channels and suppliers</li> <li>• Engaging with a broad range of suppliers and regular transition between channels, with a similar level of flexibility in our product offering</li> <li>• Further strengthening of supply chain team and processes</li> </ul>



Stakeholder	Why we engage	How we engage	Outcomes and how feedback reaches the Board
<b>Our communities</b>	Our employees care deeply about our communities. As a responsible employer, we want to contribute to the economic development and sustainability of our communities.	<ul style="list-style-type: none"> <li>We have appointed a Sponsorship, Partnership and Charity Manager who leads our community activity and investment initiatives</li> <li>We hold a number of partnerships and subscriptions to support underrepresented groups e.g. Automotive 30% Club (Gender), Stonewall (LGTBQIA+), 55 Redefined (Age)</li> <li>Entered into partnerships to create better gender balance within the automotive industry</li> <li>Commitment to invest in the successful and sustainable delivery of careers and education for young people in our local communities</li> <li>All team members are entitled to paid time off to support volunteering in the community</li> </ul>	<ul style="list-style-type: none"> <li>Awards and recognition</li> <li>Sponsorship and volunteering by employees</li> <li>Continuing with our community focused partnerships which cement our contribution to the economic development and sustainability of these communities</li> <li>Raising funds for local charities close to our stores across the UK</li> <li>We support payroll giving to allow team members to support charities that are important to them, many of which will be local</li> </ul> <p>→ pages 44 - 45</p>
<b>Our shareholders</b>	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.	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Consultation with lead investors and voting advisory organisations</li> <li>RNS announcements</li> <li>Annual General Meeting</li> <li>Investor presentations</li> <li>Corporate website</li> <li>Roadshows arranged twice a year to engage with investors</li> <li>Investors have the opportunity to visit stores and meet a range of employees</li> </ul>	<ul style="list-style-type: none"> <li>The Board is provided with regular feedback on investors' views and market developments</li> <li>Face to face and virtual meetings with investors</li> <li>We issued regular trading updates via the RNS facility to update the market on the financial performance of the business</li> <li>Our websites (<a href="http://www.motorpointplc.com">www.motorpointplc.com</a> and <a href="http://www.motorpoint.co.uk">www.motorpoint.co.uk</a>) provide a broad range of information and data</li> <li>Monthly reporting on shareholder trading</li> </ul>
<b>Our environment</b>	Through channels such as climate change and increasing legislative requirements, the natural environment affects many aspects of what we do. Our own materiality research also shows that the importance of environmental concerns rated highly among our other stakeholders. As a business, we need to do what we can to support our environment to ensure a sustainable business.	<ul style="list-style-type: none"> <li>Expanded monitoring of our GHG emissions and ongoing reduction/offsetting activities to support our efforts to reduce the impact of our emissions</li> <li>Continuous monitoring of our waste and implementation of improvements to reduce waste to landfill while increasing our overall recycling</li> <li>Engagement with third parties who provide expertise</li> <li>Ongoing implementation and exploration of water saving projects</li> <li>Continued consideration into reduction and offset of our indirect environmental footprint, such as products sold</li> </ul>	<ul style="list-style-type: none"> <li>ESG Committee at PLC level to oversee ESG matters</li> <li>Environment is a key pillar of the ESG Committee</li> <li>Sustainability Manager whose role includes the implementation of environmental projects</li> <li>Formal ESG strategy in place with three key areas linked to our environment</li> <li>Environmental performance measures included in annual report including waste and GHG emissions</li> </ul> <p>→ pages 34 - 39</p>

## HOW WE MADE OUR KEY DECISIONS

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

### Decision 1: Cost of living support

Recognising the challenges facing many of our employees due to the cost of living crisis, it was agreed to bring forward the increase in base salaries to be in line with the Real Living Wage from 1 April 2023 to 1 January 2023.

In bringing forward this pay increase, we considered:

<b>The long term effect</b>	Our people are a key asset to the success of the business, and supporting them through the cost of living crisis will help to retain talent in the business.
<b>Affected stakeholder groups</b>	<p><b>Customers and consumers</b> The retention of our talent leads to a better customer experience, and increases the level of repeat purchases due to stronger relationships.</p> <p><b>Employees</b> It was recognised that the cost of living crisis was impacting many colleagues in the business, and the Board considered various ways in how to best support those through this challenging period. Bringing forward the increase to the Real Living Wage would allow employees to benefit immediately from an increase to their pay. It was noted that progression opportunities would also be created to support career development pathways.</p> <p><b>Investors</b> Investors are increasingly focusing on the alignment of executive pay and the wider workforce, and have shown their support for companies who are introducing cost of living measures.</p>

### Decision 2: Continued investment into stores

As part of our strategy to increase market share and boost our omnichannel approach, we took the decision to open new stores in Edinburgh and Coventry, taking our number of stores nationwide to 19 at year end. A further store in Ipswich opened in May 2023 bringing our total stores up to 20.

In opening these stores, we considered:

<b>The long term effect</b>	Growing our market share and increasing our brand awareness will allow us to deliver long term sustainable and profitable growth.
<b>Affected stakeholder groups</b>	<p><b>Customers and consumers</b> The locations of our new stores mean that we are able to be closer to customers and increases the number who live within a 30 minute drive. This helps to give greater choice when deciding on their next car purchase.</p> <p><b>Employees</b> Our continued investment to deliver on our strategy helps to motivate our employees across the business, demonstrating the long term view being taken despite the challenging environment currently being faced.</p> <p><b>Investors</b> The new stores help to accelerate market share in new markets, supporting our growth strategy as customers purchase at new locations and brand awareness increases. This increase in market share will lead to longer term sustainable and profitable growth.</p> <p><b>Community</b> Each of our stores engages with a local charity that resonates not only with the staff of that store, but also with the local community. Opening new stores allows us to further deliver on our social impact and supports our charity strategy.</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE



Driving sustainability:  
“Our commitment to ESG is a key consideration in all decisions we take at Team Motorpoint”

**Mark Carpenter**  
Chief Executive Officer

Our commitment to sustainability and responsible corporate citizenship has been a focus point in the year with the aim of Environment, Social and Governance (‘ESG’) to be considered in everything we do. We take this responsibility very seriously and the Board’s ESG committee oversees all work that we do in this area. In this section, you will find a comprehensive overview of our ESG initiatives, strategies and achievements over the past year, as well as our plans for the future. We believe that ESG performance is not only important for the long term success of our business, but also for the betterment of society and the environment as a whole.

<b>Environment</b>	<b>FY23 Summary:</b> An overview of the targets we set in the year and our progress towards them alongside key changes and further steps we aim to take in future years.	Pages 34 – 35
	<b>Waste management:</b> An overview of our waste management strategies, including our approach to reducing, reusing and recycling waste. We will also report on our progress towards our waste reduction targets and provide information on how we are working to minimise our impact on the environment.	Page 35
	<b>Energy and water usage:</b> We recognise the importance of minimising our use of natural resources and are committed to reducing our carbon footprint. This section will provide data on our energy and water usage, as well as an overview of our initiatives to reduce our consumption and improve our efficiency.	Pages 35 - 36
	<b>Emissions data:</b> We understand that the automotive sector is a significant contributor to greenhouse gas emissions, and we are committed to playing our part in reducing this impact. In this section, we will provide data on our emissions from our operations across our Scope 1, 2 and 3 footprint.	Pages 36-39
<b>Social</b>	<b>Social responsibility:</b> We believe that social responsibility is a key component of our ESG performance, and we are committed to supporting our team members, customers and the communities in which we operate. This section will provide an overview of our social initiatives including our commitment to diversity and inclusion, community outreach and employee wellbeing.	Pages 40– 47
<b>Governance</b>	<b>Governance:</b> We recognise that good governance is essential for building a sustainable and responsible business. In this section, we will provide an overview of our governance framework, including our approach to risk management, board composition and diversity, and ethical business practices as well as our TCFD aligned disclosures.	Pages 48 – 49

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED



## ENVIRONMENT

### FY23 Summary

During FY23 we had a specific focus on the following three environmental factors:

- GHG emissions and reductions
- Recycling, waste recovery and reductions
- Energy use, conservation and reductions

This year, we set ambitious targets focusing on the core aspects of the environment that are most important to our stakeholders. Our goals were to achieve a 10% reduction in like for like energy usage vs FY22; and achieve zero waste to landfill by the end of FY23. We are pleased with the progress made against the targets in the year, full details can be found on page 35.

Working towards these targets has led us to make great strides in improving data availability. We now calculate regular footprints internally for periodic reporting and track energy and water usage monthly on a store by store basis.

During FY23 we adopted our first internal intensity ratio as a KPI for monitoring our emissions and driving sustainable business growth. The metric is defined as our total Scope 1 & 2 and Business Travel divided by the total floor area of the business (tCO<sub>2</sub>e/floor Area – sq ft). This metric helps us deliver more accurate like for like comparisons with previous years and is disclosed in our SECR statement later in this section.

While we strive to make improvements and reduce the impact of the business on the environment, we have also ensured we adhere to the relevant regulatory standards and compliance obligations. The third phase of the Government's energy saving opportunities scheme ('ESOS') was successfully undertaken during FY23 and was complete early in FY24. In addition, we now have fully aligned with the Task Force on Climate related Financial Disclosures ('TCFD'). Finally, in line with our prior year reporting we continue to adhere to the SECR requirements.

Throughout FY23 we have remained committed to energy management, championing this through our internal communication channels promoting and incentivising energy efficiency throughout our organisation. While FY22 saw some infrastructure changes such as the completion of our switch to LED lighting, FY23 has seen us focus on data accuracy, reporting and targeted engagement resulting in our successful reduction in like for like energy usage against FY22.

We have also enhanced the governance in this area with our Board level ESG Committee conducting several meetings in the year, chaired by Adele Cooper, as well as an internal ESG Committee continuing to meet regularly, actioning and delivering governance over our key ESG priorities.

Also core to our ESG framework is the need to adapt to customers as buying trends move to favour more sustainable products. Whilst Electric Vehicle ('EV') sales had well documented challenges in FY23 we still expect increased demand for EVs in the future. This not only extends to adapting to a rise in the EV market, but also making sure we stay ahead of any incentives that local authorities currently offer, or may offer in the near future.

FY23 saw us make substantial steps to upgrading our infrastructure to support the market for EVs. We installed charging stations at our vehicle preparation centres to alleviate our reliance on the national EV charging network. Additionally, our Coventry branch now has customer EV chargers live, and we plan to install additional charging stations at further stores, including Ipswich.

In addition to our own internal improvements, we have continued to work closely with local authorities to support customers in making environmentally conscious decisions. Our Birmingham and Oldbury stores continue to operate as the exclusive dealerships for Birmingham City Council's scrappage scheme, offering 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.

### Waste management

During FY23, we continued to prioritise our efforts towards improving our data capture, resulting in the ability to complete a full year on year comparison for the first time thanks to our continued partnership with Go-Green.

We experienced an increase in total waste generated compared to FY22, due to the expansion of our activities through new store openings and store refurbishments conducted in the year. The store refurbishments also led to an increase in waste generated per square foot of the business compared to FY22, as these activities generate a higher amount of waste than business as usual operations.

Despite the volume of new store openings and refurbishments, our continued partnership with Go-Green ensured that we reduced our waste to landfill figure to a minimal level. Additionally, we have increased the percentage of waste recycled to 85.6% indicating our steady progress towards pushing our waste up the waste hierarchy to minimise its impact on the environment which in turn has impacted the waste recovered percentage which reflects the higher proportion of waste recycled in the period.

Total waste figures	FY23	FY22
Total Waste	<b>1,062.9t</b>	948.2t
Kg Waste / sq ft	<b>1.28</b>	1.24
Percentage waste recycled	<b>85.6%</b>	81.0%
Percentage waste recovered	<b>14.2%</b>	18.1%
<b>Percentage waste to landfill</b>	<b>0.2%</b>	0.9%

### Energy usage

During FY23, our use of electricity increased by 9.8% owing to our increased footprint as well as increased consumption due to the increase in EV charging points in the business. Whilst electricity has been a challenge, we have seen a steady decline in our reliance on gas supplies with some examples of gas supply point usage dropping to almost zero in FY23. We have seen a 10.5% reduction in total gas usage vs FY22, leading overall to a 0.3% increase in total energy usage, which is a pleasing result given the overall increase in the portfolio of stores in the business.

This overall reduction equates to a like for like 7.3% reduction in our usage when compared to the relative square footage of the business year on year, which represents good progress against our stretch target of 10% like for like reduction in FY23.

### Total electricity and gas usage

	FY23	FY22	% change
Total Electricity kWh	<b>5,269,331</b>	4,799,812	+9.8%
Total Gas kWh	<b>3,811,120</b>	4,256,690	-10.5%
Total Energy	<b>9,080,451</b>	9,056,502	+0.3%
kWh / sq ft	<b>10.94</b>	11.80	-7.3%



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

## Energy Saving Opportunities Scheme ('ESOS')

ESOS is a mandatory energy assessment scheme for organisations in the UK that meet the qualification criteria. The Environment Agency is the UK scheme administrator, with all ESOS reports submitted to them directly.

Organisations that qualify for ESOS must carry out ESOS assessments every four years. These assessments are audits of the energy used by their buildings, industrial processes and transport to identify cost-effective energy saving measures.

Following its introduction in 2014, the scheme is currently in its third phase of reporting with the compliance period starting from 31 December 2022. We have already met this deadline and the report generated contains a number of potential areas for us to focus on, assisting with our journey to net zero.

## Water use and reduction

Invoiced water usage is now tracked monthly, on a per location basis. This is a significant data improvement over previous years and will help us on our path with actionable data to help us use water more sustainably across our operations.

During FY23 we achieved a 15.4% reduction in total water usage across the business.

One of the factors in achieving this water reduction has come from our work with HSG UK who were appointed in FY22. This year we have benefitted from reduced consumption, with the added benefit of utility bill savings and an improved washroom experience for our people and our customers.

During FY23 we surveyed our Sheffield and Derby stores. The findings showed that the urinals operated on a standard fill and flush system, which usually flush in 15-minute intervals, adding up to 96 flushes per day. We compared this to HSG's Ureco system which reduces flushes to 4 per day, potentially saving over 300,000 litres of water per year, per cistern. Furthermore, we discovered that urinal blockages were not unusual and could be eradicated by Ureco's patented design.

As such, we completed a business wide rollout during the second quarter this year and as a result we have seen our average monthly water usage drop by from 2,150 m<sup>3</sup> in FY22, to 1,820 m<sup>3</sup> in FY23.

"Invoiced water usage is now tracked monthly, on a per location basis. This is a significant data improvement over previous years."

## Emissions data

Greenhouse Gas emissions and reductions

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

In addition to periodic calculations for our direct emissions, FY23 has seen us look at the wider Motorpoint value chain. In line with our TCFD commitments in FY22, we have calculated our applicable categories of Scope 3 emissions.

## Streamlined Energy and Carbon Report (SECR) FY23

This SECR information report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', and the EMA methodology for SECR Reporting for all measured emissions from activities which the organisation has financial control over. The carbon figures have been calculated using the BEIS 2022 carbon conversion factors for all fuels.



“As highlighted by our ESG materiality assessment, GHG emissions and reductions are the highest priority area of focus for the business.”



The table below sets out Motorpoint’s emissions in FY23 with prior year comparatives:

Total waste figures	FY23	FY22*
Total energy use covering electricity, gas, other fuels and transport (kWh)	<b>11,892,362</b>	10,862,971
Scope 1 emissions generated through combustion of gas (tCO <sub>2</sub> e)	<b>695.68</b>	779.66
Scope 1 emissions generated through use of transportation (tCO <sub>2</sub> e)	<b>594.65</b>	472.09
Scope 2 emissions generated through use of purchased electricity (tCO <sub>2</sub> e)	<b>1018.98</b>	1019.14
<b>Scope 3 emissions generated through business travel (tCO<sub>2</sub>e)</b>	<b>157.38</b>	265.10
<b>Total Scope 1 &amp; 2, Business Travel (tCO<sub>2</sub>e)</b>	<b>2,466.69</b>	2,535.99
<b>Intensity ratio – Total Scopes 1 &amp; 2, Business Travel (tCO<sub>2</sub>e/Floor Area – sq ft)</b>	<b>0.00297</b>	0.00330

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

\* Our FY22 utility usage has been restated following reissued invoices by utility providers reflecting increased emissions. For reference the previously disclosed tCO<sub>2</sub>e for Scope 1 combustion of gas and Scope 2 emissions generated through the use of purchased electricity were 618.35 and 959.50 respectively, with the increased intensity ratio and total updated for the increased total emissions.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED



Our SECR reported emissions for Scope 1 and 2, Business Travel decreased 2.7% from 2,540 tCO<sub>2</sub>e in FY22 to 2,467 tCO<sub>2</sub>e in FY23. On an intensity basis, taking into account the portfolio size of the business, our emissions intensity decreased by 10.0% from FY22 to FY23.

As noted earlier in the energy usage section, our electricity consumption increased from 4,799,812 kWh in FY22 to 5,269,331 kWh in FY23. However, location based emissions associated with the purchase of electricity stayed consistent in tCO<sub>2</sub>e terms due to the lower UK emissions factor for grid electricity in 2022 compared to 2021.

Our relative footprint decrease for combustibles and purchased energy in Scopes 1 and 2 reflects the success of our store sustainability forums, with engagement with store management to apply reduction strategies at their respective stores.

## Scope 3 emissions

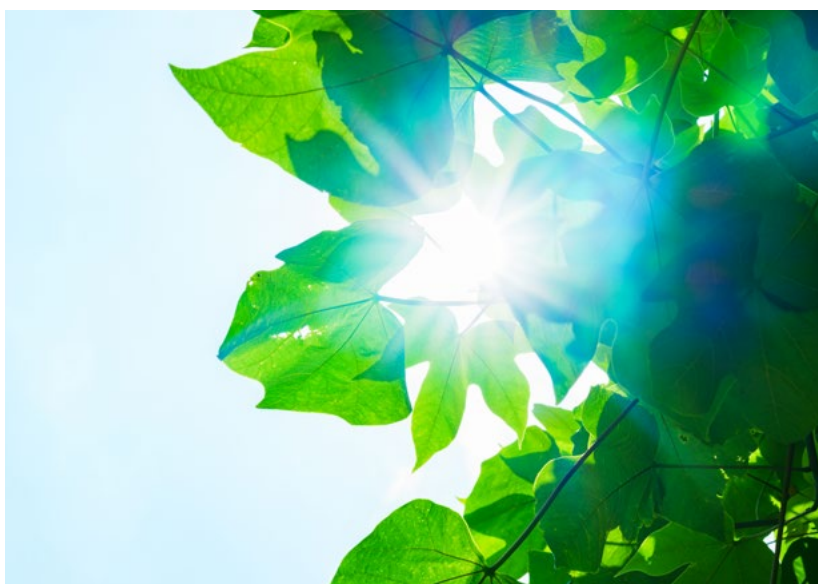
With GHG emissions being a priority focus under our ESG framework, a detailed understanding of our emissions is vital. Up until recently our focus has been on the emissions from our direct operations under Scope 1 and Scope 2 of the GHG protocol. While these emissions are more directly under our control,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

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



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

Motorpoint Scope 1, 2 and 3 emissions	Total category emissions	Percentage of Motorpoint footprint
<b>Total Scope 1 emissions</b>	<b>1,290</b>	0.28%
<b>Total Scope 2 emissions</b>	<b>1,019</b>	0.22%
<b>Scope 3 emissions</b>		
Category 1 Purchased Goods and Services	12,311	2.63%
Category 2 Capital Goods	317	0.07%
Category 3 Fuel and Energy	478	0.10%
Category 4 Upstream Transportation	5,588	1.19%
Category 5 Waste	213	0.05%
Category 6 Business Travel	157	0.03%
Category 7 Employee Commute	395	0.08%
Category 8 Upstream Leased Assets	N/A	N/A
Category 9 Downstream Transportation	1,181	0.25%
Category 10 Processing of Sold Products	N/A	N/A
Category 11 Use of Sold Products	445,954	95.11%
Category 12 End of Life Treatment of Products	N/A	N/A
Category 13 Downstream Leased Assets	N/A	N/A
Category 14 Franchises	N/A	N/A
Category 15 Investments	N/A	N/A
<b>Total Scope 3</b>	<b>466,595</b>	99.5%
<b>Total Scope 1, Scope 2 and Scope 3 emissions</b>	<b>468,904</b>	100.0%



“For the first time in FY23, we set ambitious targets aimed at focusing on the core of the most important aspects of environment for our stakeholders.”

#### Carbon offsetting

In FY23 we have committed to offsetting our emissions disclosed via SECR for Scope 1 and 2 through purchasing carbon credits.

#### Progress against targets:

For the first time in FY23, we set ambitious targets aimed at focusing on the core of the most important aspects of environment for our stakeholders.

These were:

- achieve 10% reduction in like for like energy usage vs FY22; and
- achieve zero waste to landfill by the end of FY23.

As noted in our energy usage section, Motorpoint achieved a 7.3% reduction on a like for like basis with its energy usage. Whilst we are pleased with obtaining this result, we recognise there is more to do in this area and will be using the findings from the phase 3 of our ESOS report to support the continuation of this target moving forward.

With respect to zero waste to landfill, we were pleased to achieve just 0.2% of our waste going to landfill, whilst narrowly above the 0% target, owing to necessary site refurbishments. We are confident we can continue to further reduce the waste going to landfill in FY24.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED



## SOCIAL

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

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

### Health & Safety

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

This year we have appointed Callidus to provide comprehensive consultative support and advice to managers at all levels for health and safety matters across the Group. Callidus report 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.

### Our people

Our people have always been the heart of our business. Our achievements this year can be attributed to our talented teams who worked in line with our Values, demonstrating real resilience through a 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 thousands of cars, ensuring that there's no car like a Motorpoint car; and at Head Office, our teams have supported the wider business and accelerated 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 PEOPLE - FY23 HIGHLIGHTS

73

Promotions

4.3

Glassdoor  
rating  
(out of 5)

794

Team  
members

97

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

205

New hires

“Being able to share insight, networks and time with schools to help make their career 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.”

**Cat Moseley**, Chief People Officer

## 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.

**Diversity, Equity and Inclusion**

We want everyone to be proud to work for Motorpoint. We want to make sure that there is respect for difference and there's true inclusion at every level of our workforce, and for our customers, right across the UK. We believe that everyone should be welcomed and treated equitably by being given the same chance of success, whoever they are, whatever they do and wherever they're from. An inclusive culture at Motorpoint is our aim, a culture where our values **Happy, Honest, Supportive and Proud** underpinned by working **Together** are more than words but are demonstrated by all of us each and every day.

Diversity, Equity and Inclusion is a key enabler to achieving our strategic goals. The more diverse, equitable and inclusive we are, the more successful we will be at attracting, retaining and developing a diverse workforce. The more diverse, equitable and inclusive we are, the easier it will be for us to connect with and serve our diverse customers. Different perspectives allow us to make better decisions.

Doing nothing in respect of being a diverse, equitable and inclusive company is not an option, and without it we limit our potential. This extends to our people, our customers, our investors and the wider communities we operate in.

Everything we do is focused on making Motorpoint a place where everyone feels valued, respected, and supported to be their best – creating role models who display our values to each other and to our customers.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

## Our Approach to Diversity, Equity and Inclusion

Our approach to which will enhance our strategy to create an even more inclusive culture of support and togetherness.

### Our Commitments

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

## 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 Adviser. 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.

In 2022, we appointed our first Early Careers Partner who is actively engaged in the Cornerstone network and has improved our activity in this area. In November for example we presented to nearly 300 pupils about the potential career opportunities offered by the automotive industry.

## Partnership with the Automotive 30% Club

We have continued our membership and support of 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.

## Members of 55 / Redefined

We are members of 55 / Redefined who are a champion for the over 50s by challenging the status quo and advocating for age diversity, positivity and inclusion across all areas of life.





## Gender Pay Gap

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

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

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

	Mean	Median
Total Pay Gap	18.1%	3.4%
Salary Pay Gap	-1.8%	0.2%
Bonus Pay Gap	65.7%	28.2%

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. For comparison, the average median pay gap in the UK stands at 9.4%. We will continue to ensure equality across our key leadership roles; an area of opportunity is our Sales Executive demographic. As only 9.5% of our Sales Executives are female, the average hourly pay for this group sits within our Upper Quartile.

## Gender mix

	Male	Female
Senior Leadership	8 (73%)	3 (27%)
Leadership	27 (73%)	10 (27%)
Manager	66 (72%)	26 (28%)
Team Member	518 (79%)	136 (21%)
All employees	619 (78%)	175 (22%)

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.

The Gender mix table sets our gender breakdown at various levels in the Company, including the breakdown for all employees, based on the 794 individuals employed as at 31 March 2023.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED



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

#### Local level

This year we reworked our charity strategy. We realised that it was important to engage with a local charity per store that resonates not only with the staff of that store but also the local community. Working with 19 charities has not only increased the store team charity engagement but also built a greater relationship with Motorpoint and each of the communities.

Charities were supported by event sponsorship support, enabling them to raise needed funds by actioning the event. As examples: St David's Hospice has raised over £100k, Prince of Wales over £80k, Demelzas £20k, St Roccas, £25k, St Cuthberts £60k, and JPC farm £200k through our commitment to supporting them and event sponsorship.

Arena tickets have been donated to various non associated store charities for their own fundraising activities with a collective total of over £2k raised.

Our stores were offered as an event venue for their own events instead of us holding our own event raising funds for the charities. This was trialled at Christmas with Myton Hospice Coventry and Prince of Wales Hospice Castleford, both raising over £5k at the event with Motorpoint providing not only the venue but also the Santa's grotto so additional funds could be raised through ticket sales.

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

#### National level

On a national level, all stores were listed as drop off locations for Operation Christmas Child. The public dropped off their donations for the Xmas Box appeal in store. The campaign was a huge success with 1,223 boxes being delivered to stores across the country and collected by the Samaritans. Next year we hope to amplify the campaign and encourage staff to get involved using their volunteer days at the various box sorting locations.

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

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

“This year we reworked our charity strategy. We realised that it was important to engage with a local charity per store that resonates not only with the staff of that store but also the local community.”



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

## Team member level

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

## 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 Best Companies' 'Best Places to Work' list for nine consecutive years.

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 nine 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, we ran two surveys for the first time and we achieved a 1 Star (very good) 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 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. This year we will also be combining the manager's feedback with our new Leadership Behaviours and have completed a 360 review based on these behaviours for every manager in the business. Our aim is to ensure we are supporting our managers in becoming truly best in class leaders.

As well as surveys, the Senior Leadership Team ('SLT') spend a significant amount of time in stores speaking to colleagues at all levels. This year we launched "Ask me Anything" listening sessions where members of the SLT held feedback sessions across the country helping us understand the issues faced by our team members and hence improved the experience for our team members and customers.

### Learning and development

Following the pandemic, which impacted our Learning and Development ('L&D') activity during 2022 we have consolidated, reviewed and relaunched our learning and development offer for our team members. Our team members are the start of our Virtuous Circle and our ability to develop their skills, capabilities and their careers is a key part of the attraction of working for Motorpoint and ultimately will impact the service levels experienced by our customers.

At Motorpoint we have developed a blended approach to learning and development to ensure we meet the many different L&D requirements of our diverse team base. We have online learning options for both mandatory training and to support developmental needs. We have a range of face to face options covering more leadership skills and we actively encourage a one to one coaching approach at a management level.



We are also increasing our focus on apprenticeships and early careers. This year we have appointed our first Early Careers partner whose aim is to rapidly expand our apprenticeship offer across the business. In a world where vehicle maintenance / preparation skills are in short supply we see this as a key part of our strategy to build a leading team. We are also developing apprenticeship offers across the business and functions.

### Wellbeing

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

We have invested in mental health first aid ('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. In FY23 we offered over 20,000 hours of additional paid time off to our employees as part of this scheme. We only ask that employees do something that will genuinely drive their happiness. This benefit has received immensely positive feedback and has been used across an array of activities. The diversity of people's selection demonstrates just how important it is to apply the flexibility to our employee benefits in order to have a real impact on personal wellbeing. We also give extra leave for birthdays, moving house and getting married.

We continue to partner with Sovereign Healthcare to provide a 24-hour employee assistance programme for our team members. This provides a counselling hotline for team members with issues

across a wide range of subjects that may be impacting their lives and gives potential access to face to face counselling if required. We also provide financial support via Sovereign Healthcare to all team members for key health treatment including optical support, physical therapy and dental care.

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.

**"A friendly, supportive, happy workplace culture that has values aligned with all employees that work here. Open to feedback and sharing ideas. The benefits are excellent – food purchased by Motorpoint every month, team nights out once a quarter, cheap car finance rates, a great Christmas party and excellent pay/Bonus package. Cycle to work and the healthcare package are also fab benefits. Motorpoint value you and anything that's bothering you can be discussed on monthly 121s with manager. My wellbeing is put first and the onsite Mental Health First Aider is not something I've seen at any other places I've worked"**

#### Car Prep

Service Agent – Glassdoor  
17 January 2023

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

## GOVERNANCE

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

### 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

Our anti bribery policies and anti money laundering policies were refreshed during the year following a review and were communicated to all employees. 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.

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

The Group does not make political donations.

### Treating Customers Fairly

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

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

In particular, the following business areas are under constant review 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 communication;
- 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.



### The Consumer Duty

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

The regulations go further than the TCF regulations and require all regulated firms to be compliant by 31 July 2023 for open products and services.

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

Motorpoint welcome the FCA's new regulations. Whilst the Group's FCA governance processes already in place in respect of TCF are aligned with much of the new legislation, a specific working group was formed in the year to address the new legislation and ensure that Motorpoint's systems, processes and controls are appropriately in line with the new consumer duty.

Area	Description	Motorpoint Governance
<b>The Consumer Principle</b>	This is the overarching principle that defines the purpose of all the new Consumer Duty regulation, that “firms must act to deliver good outcomes for retail customers”.	Motorpoint has appointed a specific working group covering all aspects of the duty, led by the Customer Experience Director, with the work of the group reported to the Motorpoint PLC Board.
<b>The Cross Cutting Rules</b>	<ol style="list-style-type: none"> <li>1. ‘Acting in good faith’ (e.g. not taking advantage of any lack of knowledge on the consumer’s part).</li> <li>2. ‘Avoiding foreseeable harm’ (e.g. performing affordability checks prior to application).</li> <li>3. ‘Supporting consumers in achieving their financial objectives’ (e.g. providing a straightforward method of cancelling a product should it be in the customer’s interest to do so).</li> </ol>	The working group has worked with the business areas already highlighted in the TCF section to ensure that the governance and constant review are aligned with the cross cutting rules of the consumer duty. This has included a process mapping exercise ensuring complete coverage of the legislation.
<b>The Four Outcomes</b>	<p><b>Product and services:</b> The actions required for this outcome will differ depending on firm status as a manufacturer, co-manufacturer, or distributor. Overall, it requires firms to work to ensure the products and services they offer are right for the end consumer and consider any vulnerabilities their target market may have that can be accounted for.</p> <p><b>Price and value:</b> Firms should focus on the fair pricing of their products and offering value for money. Firms should review commission arrangements and for example, ensure they do not encourage the sale of products that are not in the consumer’s interest.</p> <p><b>Consumer understanding:</b> The FCA feels the consumer is often placed at a disadvantage due to a lack of knowledge about the products or services a firm is selling, while the firm has the greater understanding. This outcome serves to make firms address this imbalance to allow consumers to make informed decision. This could take the form of providing further information in an easily digestible and accessible way when it is most relevant to the consumer.</p> <p><b>Consumer support:</b> This outcome includes the numerous ways in which firms act to communicate with consumers and provide their services. There should be straightforward processes. The key message from the FCA here being that it should not be any more difficult to cancel, switch or complain about a product than it is to purchase it initially.</p>	<p>As a part of Motorpoint’s implementation plan for the consumer duty, a full review of the customer journey has taken place in the year to ensure all four outcomes are appropriately in line with the legislation.</p> <p>The working group has worked with the business to ensure that the customer journey remains under constant review and has a governance structure in place that ensures continued compliance with the legislation.</p> <p>Motorpoint has worked closely with its product suppliers (‘lenders’) for regulated consumer products and ensured that the findings from the lenders in respective of the consumer duty were included within our customer journey governance.</p>

### 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](http://www.motorpointplc.com)

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

**We support the Task Force on Climate related Financial Disclosures ('TCFD') and its recommendations and are making TCFD disclosures consistent with TCFD's recommendations and recommended disclosures, in line with our prior year commitment and in consideration of the all sector guidance.**

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

## Our pathway to full disclosure is as follows:

### Progress in FY23

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We have successfully completed our scenario planning exercise, modelling three scenarios using the IEA World Energy Outlook 2022, as well as a range of inputs and bespoke considerations for the specific risks that Motorpoint faces.

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We have also successfully materially assessed and disclosed the relevant Scope 3 emissions for Motorpoint.

### Roadmap for the future

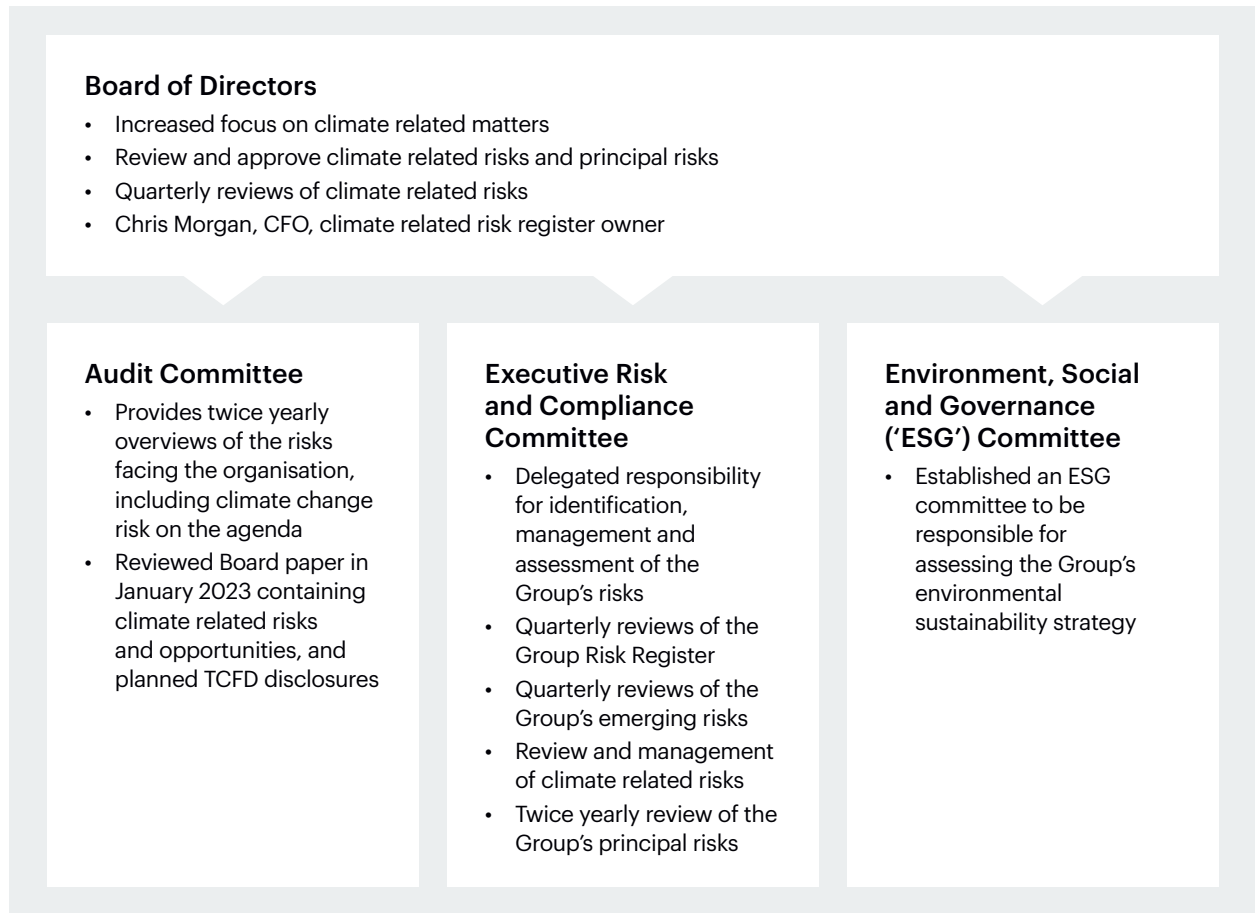
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Our strategy on how to achieve a complete transition to a lower carbon operating model is still reaching maturity.

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We are exploring initiatives such as an ESG reporting framework, accreditation and fully aligned and integrated Science Based Targets, as well as the potential for a formal carbon reduction plan.

## Governance



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

The Board of Directors is ultimately responsible for the oversight of our 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.

Climate related risks, including the risks of a transitioning economy as well as physical risks to Motorpoint sites and stores are integrated as a part of our risk management framework. A dedicated climate related risk register is maintained which is monitored and assessed at regular intervals.

The Board has oversight of climate risks and opportunities through escalation via the Risk and Compliance Committee as noted in the diagram above.

The Group 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.

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, pages 36 to 39. We have expanded our tracking of emissions in the year to include a full breakdown of our Scope 3 emissions. These can all be found on page 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.

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

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

## 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 over any of the next three years. Medium term analysis is defined as an outward looking five years beyond the short term risk window. Long term analysis is defined as anything beyond the medium term window. During the year, the CFO continued 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 mapped them to our principal risks. The summarised climate related risk register can be found on pages 56 and 57. We have kept our short, medium and long term definitions consistent with the prior year, with short term risks being those that would crystallise within the next three years and medium risks being the five year window beyond short term risks. As such, our long term risks are those designated as eight years or more in the future.

Our opportunities are disclosed below along with the applicable time frames:

Area:	Opportunity:	Time Frame
Competition and Market	• Increased opportunity to take market share by being a leader on Choice, Value, Quality and Service across zero emission vehicles.	Medium
Supply Chain	• Opportunity to maximise on an efficient, sustainable supply chain.	Medium
Technology	• Opportunity to take advantage of new technology helping the business achieve net zero across its Scope 1 & 2 emissions more quickly.	Medium
Brand and Reputation	• Opportunity to have a reputation for being a responsible, sustainable company which will be increasingly important for consumers.	Medium
Physical Locations	• We expect an increased opportunity to be able to have a more sustainable footprint with new ways of running a store with sustainable energy generation, more efficient stores and an opportunity to consider nature reclamation and air pollution ideas in the stores of the future.	Long

The responsibility for maximising opportunities ultimately lies with the Board, with delegated responsibility to the ESG Committee for reporting on possible opportunities in these areas.

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.

During the year we undertook an exercise as a part of our financial

planning looking at future cash flows across three IEA Global Energy Outlook Scenarios 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 cash flows in respect of climate related risks across what the Board believe to be plausible outcomes, there was not a significant risk of impairment to our future operating model assets or any short term risk identified indicating a possible impairment over current assets.

With respect to judgements made over the future business and strategy, the Group anticipates a natural shift in consumer choice towards alternately fuelled and Electric Vehicles ('EVs') in the medium term.

We considered in our scenario analysis the risk of increased taxation and legal requirements should the Group fail to achieve its net zero ambitions as well as the physical risks of climate change to our physical store locations, based on an estimation of our future footprint.

We note that our carbon footprint, when taking into account Scope 3 emissions, is disproportionately outweighed by the use of our sold products category, relating to the emissions of internal combustion engine vehicles. As a used car retailer, we need all manufacturers to improve their proposition on zero emission vehicles, so that we in turn can offer our customers the same Choice, Value, Service and Quality without compromising on product or convenience, noting that many customers still have concerns contemplating the switch to zero emission vehicles.

The Group has undertaken activity in the year to execute the prior year planning work on transition mitigations:

Prior Year Plan	Current Year Execution
<ul style="list-style-type: none"> <li>• Planning in place for increased electric charging points for customer convenience at our stores.</li> </ul>	<ul style="list-style-type: none"> <li>• Our new Coventry and Ipswich stores have EV charging points installed for both customer use and in preparation. Rollout of charges at existing stores is underway.</li> </ul>
<ul style="list-style-type: none"> <li>• Technicians trained and ready to prepare EVs.</li> </ul>	<ul style="list-style-type: none"> <li>• All technicians including new team members in this role are trained to safely prepare EVs.</li> </ul>

Other impacts in respect of business and strategy can be seen on pages 56 and 57 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**

	Net Zero Emissions by 2050 scenario (NZE)	Announced Pledges Scenario (APS)	Stated Policies Scenario (STEPS)
Definitions and Objectives	<p>A scenario which sets out a pathway for the global energy sector to achieve net zero CO<sub>2</sub> emissions by 2050.</p> <p>Our work on this low carbon transition scenario focuses on the rapid policy, regulatory, technological and market changes that will be required by 2030 to restrict emissions to a level which limits global warming to 1.5°C.</p>	<p>A scenario which assumes that all climate commitments made by governments around the world, including nationally determined contributions and longer term net zero targets are met.</p> <p>This scenario aims to show the ambition gap, highlighting how close announced pledges get to the Paris 2015 target of limiting the increase in warming to 1.5°C.</p> <p>In this climate model, the warming impact is estimated to be in the bracket of IPCC assessed scenarios that limit warming to 2.0°C.</p>	<p>A more conservative scenario benchmark for the future, removing the assumption that governments will reach all announced goals. This scenario takes account of existing policies and measures as well as those under development, ultimately leading to a world with increasing physical climate change impacts owing to warming increases beyond 2.0°C.</p>
Methods	<p>We used our target operating model for 2030, which assumes we achieve our medium term growth goals and spread our footprint to 30 stores, in conjunction with the IEA assumptions and inputs in the 'IEA (2022), Global Energy and Climate Model'. This includes detailed input assumptions over GDP, population and technology changes as well as the specific elements relevant to Motorpoint under each scenario, including cost of energy and cost of carbon. The effects of each scenario are shown below.</p> <p>The IPCC Sixth Assessment Report on Mitigation of Climate Change, released in April 2022, assessed a large number of scenarios that led to at least a 50% chance of limiting the temperature rise to 1.5°C in 2100. The NZE Scenario trajectory is well within the envelope of these scenarios.' IEA (2022), Global Energy and Climate Model, IEA, Paris <a href="https://www.iea.org/reports/global-energy-and-climate-model">https://www.iea.org/reports/global-energy-and-climate-model</a>, License: CC BY 4.0.</p>		

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

	Net Zero Emissions by 2050 scenario (NZE)	Announced Pledges Scenario (APS)	Stated Policies Scenario (STEPS)
Effect on Motorpoint	<p>Assessing the inputs and outcomes of the NZE pathway, Motorpoint would see increasing risks of transition in the medium term, especially if the cost of carbon as modelled in the scenario cannot be mitigated through offsetting using voluntary carbon markets ('VCMs') or achieving natural net zero across Scope 1, 2 and 3 emissions.</p> <p>In the medium term outlook for this scenario, we took the approach of assuming Motorpoint would still be selling a small proportion ICE vehicles in 2030 and would not totally achieve zero emission vehicles sales until at least 2034. We also assumed that we would be mandated to offset any residual carbon still produced. We modelled offsetting at least as many tonnes of carbon as we did in 2021, as well as our Scope 3 emissions for the limited ICE vehicles sales still expected to be made, and factoring in the increased cost of carbon. We also factored in an increased cost of electricity, in line with the modelled price increases in the IEA 'NZE' scenario.</p> <p>As such, Motorpoint could expect greater carbon offsetting costs and energy costs which would increase operating expenditure. However, even in this scenario, the model showed that the business would be resilient enough to cope with increased costs of transition.</p> <p>In the long term under this pathway, we would expect the business to achieve significantly reduced Scope 3 emissions from greater (or total) proportion of sold products being zero emission vehicles which would ultimately mitigate the greatest portion of carbon required to be offset.</p> <p>Even in the NZE scenario an acute risk of physical damage to stores remains with effects of warming limited, not mitigated. We expect to mitigate this risk through physical defences and strategic planning over the location of our future stores. Our current store footprint is substantially low rated for flood risk. We expect that the chronic risk of sea level rises as a result of warming impacts to be reduced under this scenario.</p>	<p>Assessing the inputs and outcomes of the APS pathway, Motorpoint would see increased risks of transition in the medium term from potentially increased costs of carbon offsetting, albeit much less significant than under the NZE pathway.</p> <p>In the medium term outlook for this scenario, we took the approach that Motorpoint's current strategy for EV transition would be achieved, with a significant proportion of our sold products being zero emission vehicles by 2031.</p> <p>Under this scenario, Motorpoint would be on track for the announced pledges and as such, we assumed lower costs of offsetting (compared to 'NZE') would be required, factoring in an increase for the potential size of Motorpoint's footprint based on the 2030 operating model.</p> <p>An acute risk of physical damage to sites would be greater than the NZE pathway albeit reduced in the long term compared to the STEPS scenario. We expect to mitigate this risk through physical defences and strategic planning over the location of our future stores.</p>	<p>Under the STEPS pathway, Motorpoint would see reduced risks of transition in the medium term, with offsetting costs likely to be much lower from avoidance of the modelled increases to the cost of carbon in the NZE and APS pathways. However, there would be greater physical risks to stores and supply chain.</p> <p>Our modelling in this scenario still assumes that Motorpoint would continue on its path to be a sustainable business, offsetting its carbon emissions and helping customers reduce their impact on the planet by in turn, reducing our own emissions.</p> <p>We would expect greater physical risks to Motorpoint's stores in the long term both acute and chronic under this pathway.</p> <p>Possible mitigations may include strategic placement of future stores to factor in weather defences as well as continued detailed business continuity planning work.</p>

## Medium term impact:

Business area	'NZE' scenario risk	STEPS pathway risk	Impact of climate risks on our financial performance	'NZE' business area mitigations
Use of sold products	Carbon tax on Scope 3 emissions	Physical damage to inventory from increased extreme weather events	A financial impact may manifest itself in an increased cost of compliance if Motorpoint cannot reduce its emissions in line with the pace of regulatory change	Infrastructure work across stores and preparation centres to ready for increased zero emission vehicles
UK stores and preparation centres	Carbon tax on Scope 1 and 2 emissions	Flood risk		Continued ESG strategy work to reduce Scope 1 & 2 emissions



## Risk management

During the year, the Board has discussed climate change related matters 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 Risk and Compliance Committee and the Audit Committee.

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 is informed by the work of the ESG Committee, who 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. The structure of our risk management at Motorpoint can be found in our risk management section of the annual report.

### 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 goals of offsetting the carbon that we produce, is managed

by the ESG Committee, chaired by Adele Cooper. The ESG Committee meets quarterly and ensures 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 stores and preparation centres are integrated as a part of our emergent risk process, which is a part of our risk management framework. The risks on this register were all assessed to be 'emerging' and as such are monitored closely for the requirement to enter active mitigation strategies. 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 significant 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 is held within the principal risks and uncertainties ('PRUs') database.

### 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 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 above minimum risk recognition limits for a low rated risk (greater than 0% chance of crystallisation in the next three years and 2% or greater impact on key financial targets specific to that risk) and outside of appetite,

steps are taken to agree mitigating actions to bring the risk exposure to within appetite.

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, 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. Our KPIs have been updated in the year to more accurately track our emissions and impact on the environment, which is governed by the ESG Committee.

The KPIs are:

- KPI 1: GHG emissions (CO<sub>2</sub> Scope 1 and 2) as disclosed in the SECR statement in the environment section.
- KPI 2: Intensity Ratio as disclosed in the SECR statement in the environment section.

In addition, the KPIs are used by Group Finance to aid its financial review of climate related risks.






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

## 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 in our environment section on pages 36 to 39.

## 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, for its Scope 1 and 2 emissions, and currently recognising that carbon offsetting has a role to play when considering the whole supply chain (Scope 3 emissions). 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.

Risk classification	Risk area	Mapping to PRUs	Timeframe
Transition	 <b>Policy and Legal</b>	Regulatory and Compliance	Long Term
	 <b>Technology &amp; Market Risks</b>	Competition, Market and Customers	Long Term
		Availability and Terms of Customer Finance	Medium Term
Physical Risks	 <b>Reputational Risks</b>	Brand and Reputation	Medium Term
		People and Culture	
		Competition, Market and Customers	
Physical Risks	 <b>Acute Risks</b>	Supply Chain Disruption	Medium Term
			Long Term
	 <b>Chronic Risk</b>	Supply Chain Disruption	Long Term

## Key to risk scoring

- ▲ High  
▶ Medium  
▼ Low

Risk description	Dynamic risk scoring		
	Net zero by 2050 (1.5)	Announced policies 2.0-2.5	Stated policies (>2.5)
	NZE	APS	STEPS
Risk of increased taxation as UK Government aims to meet its own climate change commitments. Key areas relating to Motorpoint include: increased taxes for energy, vehicle fuel taxes, waste and overall 'carbon tax'	▶	▶	▼
Policy changes deter need for private vehicle ownership	▼	▼	▼
Increased costs from carbon offsetting or needing to enter VCMs to support journey to net zero	▶	▼	▼
Not meeting increased demand for electric and alternate fuelled vehicles leading to loss of market share	▲	▶	▶
Customer finance availability is limited because alternative fuel cars are more expensive than traditional petrol / diesel cars in relation to earnings and lenders are not confident over battery degradation	▼	▼	▼
Customers lose confidence in the brand as Motorpoint does not respond effectively or urgently to public concerns over climate change	▲	▶	▼
Failure to attract and retain talent, if Motorpoint is not perceived to be a responsible company	▼	▼	▼
Failure to attract and retain investors / pressure from investors / shareholders if Motorpoint is not perceived to be a responsible company	▼	▼	▼
Risk of action from climate action groups disrupting the business	▶	▶	▲
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	▶	▶	▲
Extreme weather events could increase competition for land use, affecting Motorpoint's ability to expand to new sites	▼	▼	▶
Material rise in sea levels leading to changed UK landscape: site relocation / supply chain alterations required	▼	▶	▲

# Record revenues in a challenging market

**Economic headwinds provided a challenge to profitability, but record revenues and progress against strategic objectives put us in a position for sustainable profitable growth.**

### **Group financial performance headlines**

Despite the fall in profitability, the Group experienced record revenue, which increased by 8.9% to £1,440.2m (FY22: £1,322.3m), with further strong market share gains. This growth was supported by new stores, an increase in more expensive premium models being sold, and vehicle price inflation.

Gross profit was £85.7m (FY22: £106.3m). FY22 benefitted from the record used car inflation. In FY23 we invested in the customer to ensure we maintained our price leading position, in terms of low vehicle prices and taking a lower finance commission to offset APR increases. The latter part of FY23 was also impacted by retail price reductions to clear through the well publicised fall in Electric Vehicle values.

(Loss) / Profit before taxation was £(0.3)m (FY22: £21.5m), reflecting the fall from record margins in FY22, a lower number of units sold due to a smaller market, increased strategic investment, losses from new store openings and higher interest costs.

Despite the lower profitability net cash improved significantly. Net cash, excluding lease liabilities, at 31 March 2023 was positive £5.6m (as set out on page 160) (31 March 2022: net £21.2m negative, being £7.8m cash and £29.0m fully drawn down revolving credit facility).



“We are pleased to report record revenues and strong market share gains, whilst recognising the impact on profitability due to the challenging economic environment in the past year.”

**Chris Morgan**  
Chief Financial Officer





### Trading performance

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

# £1,440.2m

**Total revenues**  
(FY22: £1,322.3m)

# £(0.3)m

**(Loss) / Profit before tax**  
(FY22: £21.5m)

	Retail customers		Wholesale customers		Total	
	FY23 £m	FY22 £m	FY23 £m	FY22 £m	FY23 £m	FY22 £m
Revenue	1,175.7	1,112.3	264.5	210.0	1,440.2	1,322.3
Gross profit	74.5	91.0	11.2	15.3	85.7	106.3

### Retail

Revenue from retail customers was up 5.7% to £1,175.7m (FY22: £1,112.3m), with 57.3k vehicles sold (FY22: 62.9k). The number of vehicles sold is a consequence of the fall in size of our available market, as our share of this 0-4 year old market increased to 3.5% (FY22: 3.1%). Of the sales, 37.5% were sold online / digitally. Since re-opening post Covid, the majority of customers still prefer the store experience for their vehicle purchase.

We purchased 5,016 vehicles directly from consumers and of these 3,387 were sold through the retail channel.

Gross profit per retail unit for the financial year was £1,300 (FY22: £1,446). This reduction reflected investment in price leadership, both in terms of vehicle pricing and lower finance commissions, and the marking down of Electric Vehicles.

Finance penetration increased to 56% (FY22: 52%). Our APR finance rates continue to be competitive despite an increase in October from 8.9% to 9.9%, and in January to 10.9% which reflected the increase in cost of finance. In FY23 we did not pass all of the cost of money increases to customers which demonstrated our price leadership but deflated gross margin.

Our 18th (Edinburgh) and 19th (Coventry) stores opened in the autumn, and both are trading well. Ipswich opened in mid-May.

### Wholesale

Wholesale units sold via Auction4Cars.com, which sells vehicles that have been part exchanged by retail customers, or directly purchased from consumers, was down against last year reflecting the fall in retail units. 32.4k vehicles were sold via this purely online platform (FY22: 34.8k). Gross profit per wholesale unit was £346 (FY22: £440). Last year benefitted from the strong market conditions, and this year marks a return to more normal levels (FY21: £344).

## Operating expenses

Operating expenses decreased from £81.3m in FY22 to £79.2m. This fall is despite a planned uplift in strategic costs with further investments in digital, technology and new stores. These incremental costs amounted to £6.1m (FY22: £1.0m). Despite new stores and growth of the digital marketing team, overall headcount reduced 14.4% to 794, as we focus on efficiency in stores, preparation and head office. Energy usage per square foot fell 7.3% compared to last year. Overall property costs increased due to new locations and business rates (Government relief available in previous year). Marketing costs decreased from £18.9m to £14.0m. The early part of FY22 included increased marketing costs to support stores post lockdown.

## Other income

Other income relates to the small gain on the sale and leaseback transactions during FY23 (no such transactions in FY22).

## Exceptional items

There have been no exceptional items in the period (FY22: £Nil).

## Interest

The Group's net financial expense was £7.1m (FY22: £3.5m); the increase reflected the sharp rise in cost of borrowing, which materially impacted the funding of stock facilities.

Total interest charges on the stocking facilities were £4.7m (FY22: £1.5m).

Interest on lease liabilities of 2.0m (FY22: £1.7m) was incurred in the year.

Interest on banking facilities was £0.4m (FY22: £0.3m).

## 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 credits. The tax charge has reduced to £0.3m (FY22: £4.6m), reflecting lower profitability.

## Shares

At 31 March 2023, 90,189,885 ordinary shares were outstanding, of which 1,686,307 were held in the Employee Benefit Trust.

## Earnings per share

Basic and diluted earnings per share were both (0.7) pence (FY22: 18.7 pence).

## Dividends

No dividend was paid in the period (FY22: £Nil) and the Board has not recommended a dividend (FY22: £Nil) while it focuses on investment to drive organic growth.

## Capital expenditure and disposals

Cash purchases of property, plant and equipment, and intangible assets was £9.4m (FY22: £6.9m), and primarily related to bringing the new stores in Edinburgh and Coventry up to standard for opening, major refits at Newport and Burnley stores, and intangibles relating to software and website development. All new properties were leased.

In the year, two sale and leaseback transactions were successfully completed. These were the Stockton-on-Tees store and the Peterborough preparation centre. The freeholds were sold gross for £5.0m and £4.8m and leased backed at annual rents of £350k and £265k respectively.

## Balance sheet

Net assets remained broadly consistent with prior year at £38.9m. Working capital was proactively managed, with a significant improvement in the net cash position.

Non-current assets were £75.2m (31 March 2022: £59.2m) and made up of £13.1m of property, plant and equipment, £58.4m right-of-use assets and intangible assets of £3.7m (31 March 2022: £10.9m, £46.7m, £0.6m and a deferred tax asset of £1.0m respectively). The Group currently owns one remaining freehold plot of land in Glasgow. All other properties are on leases of various lengths.

The Group closed the period with £148.6m of inventory, down from £228.4m at 31 March 2022. Days in stock for the period improved to 51 days (FY22: 54 days). Although the record price inflation experienced in FY22 was not repeated, used vehicle prices generally remained high compared to historic levels. However, we did experience a significant fall in Electric Vehicle prices in the second half of FY23, which negatively impacted margin.

At 31 March 2023, the Group had £195.0m (31 March 2022: £195.0m) of stocking finance facilities available of which £102.5m (31 March 2022: £147.0m) was drawn. The Group has available stocking facilities with Black Horse Limited of £120.0m, and £75.0m with Lombard North Central PLC.

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. This facility was extended in June 2023 for a further three years, with the option of two one-year extensions. At 31 March 2023, £Nil (31 March 2022: £29.0m) was drawn on this facility.

Trade and other receivables were £18.4m (31 March 2022: £13.6m). This increase related to timing of commissions due from Finance providers.

Trade and other payables, inclusive of the stock financing facilities, have decreased to £143.8m (31 March 2022: £193.8m) primarily reflecting a reduction in the drawn down stocking facilities.

The increase in total lease liabilities to £63.6m (31 March 2022: £52.8m) reflects the new store additions, along with the sale and leasebacks of Stockton-on-Tees and Peterborough preparation centre. Ipswich opened in May 2023.

### Cash flow

Cash generated from operations was £41.3m inflow (FY22: £5.5m outflow). This reflected the large reduction in the value of inventory which more than offset the drop in creditors and lower operating profit.

Other main items in the cash flow include: capital expenditure of £9.4m (FY22: £6.9m), payments to satisfy future employee share plan obligations of £0.7m (FY22: £5.0m), a net repayment of borrowings (RCF) of £29.0m (FY22: £Nil), principal lease repayments of £5.9m (FY22: £4.0m), interest payments of £7.1m (FY22: £3.5m) and tax payments of £1.1m (FY22: £2.3m). Net proceeds of £9.7m were received for the two sale and leasebacks.

### Capital structure and treasury

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

The Group's long term funding arrangements consist primarily of the stocking finance facilities with Black Horse Limited and Lombard North Central (to a maximum of £195.0m) and 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 has been extended in June 2023 and will now expire in June 2026, with the option of two one-year extensions, if agreed by both parties.

### Chris Morgan

Chief Financial Officer  
14 June 2023

# RISK MANAGEMENT

## Risk management: a key component of governance at Motorpoint, continuing to build on the strong foundation of our shared values

Risk management is a key component of Motorpoint’s strategy. We recognise that effective risk management is essential to protecting our assets, maintaining our reputation, and ensuring the long term success of the Group. During the year we continued on our journey to level up risk management across the Group, including through a new training programme for all team members as well as focus and oversight from the Group Risk and Compliance Committee. We are committed to maintaining a strong and effective risk management framework underpinned by our core values: Happy, Honest, Supportive and Proud.

### Approach to risk management

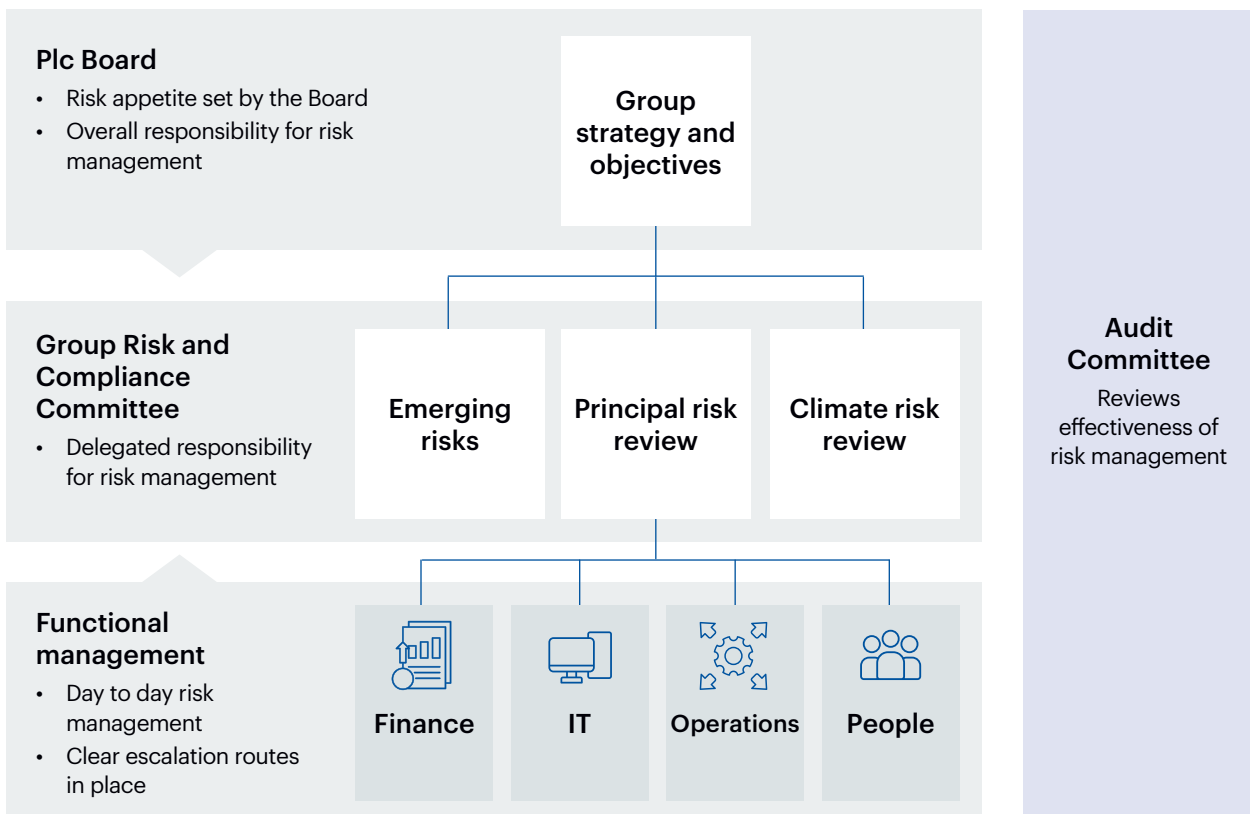
The Board is accountable for maintaining a policy of continuous identification and review of the principal risks facing the Group which could threaten its future performance or business model. On behalf of the Board, the Audit Committee reviews the effectiveness of Motorpoint’s risk management processes.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

risk management strategy is a key priority for the Group, with last year’s expansion of the Group Risk and Compliance Committee being firmly embedded in the year as a robust risk management practice.

The Group Risk and Compliance Committee has delegated responsibility, from the Audit Committee, for formally identifying

and assessing the Group’s risks annually, measuring them against a defined set of criteria, and considering the likelihood of occurrence and potential impact to the Group. The Group Risk and Compliance Committee is formed of the Executive Board, the Head of Internal Audit and Risk and risk owning Senior Leadership Team (‘SLT’) members.

### Risk management





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

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

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

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

**Emerging risks**

Embracing the findings from the FRC’s thematic review has been a key part of Motorpoint’s approach to risk management in the year, including the request for more detailed information about the process for identifying and assessing emerging risks. The Motorpoint Group Risk and Compliance Committee assumes responsibility for the identification and assessment of Motorpoint’s emerging risks. Our strategy for emerging risks is as follows:

**Identification**

The following activities are completed to identify potential emerging risks:

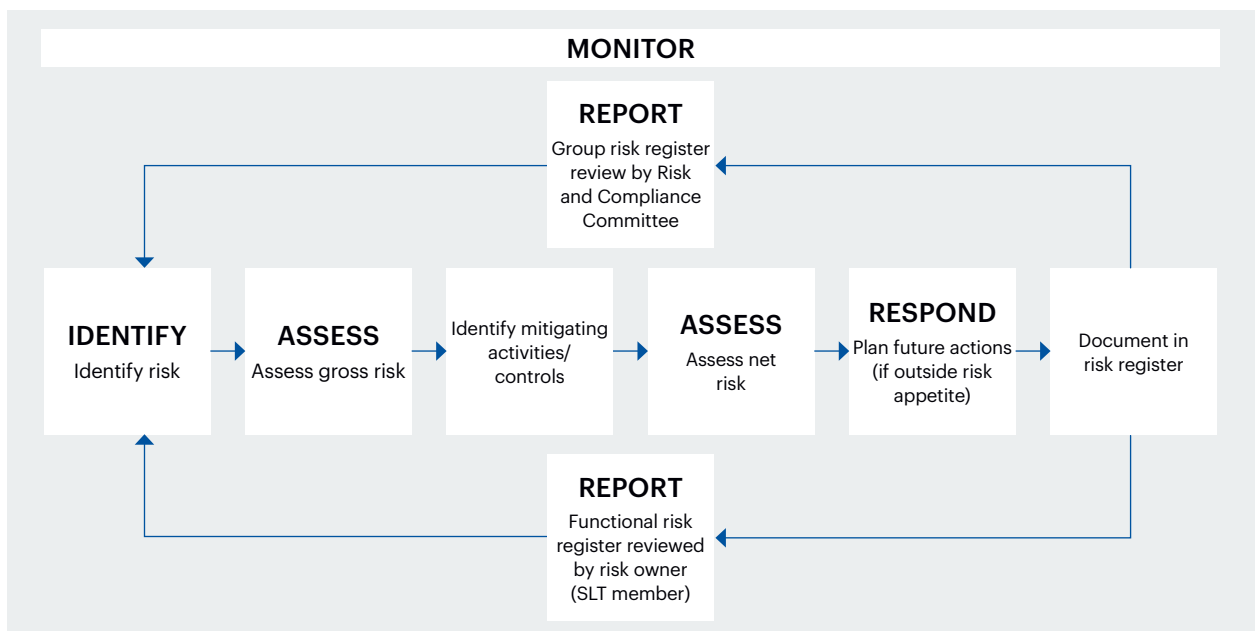
- Horizon scanning – including the review of construction and distribution media and attendance at industry forums by management, including members of the Group Risk and Compliance Committee. Findings and key messages are discussed as part of the agenda of the Group Risk and Compliance Committee.
- External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

**Assessment and reporting**

Once identified, emerging risks are assessed as follows:

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

**Emerging risks for Motorpoint:**



## EMERGING RISKS FOR MOTORPOINT:

Risk and impact	Commentary	Dynamic risk assessment
1. Used car ownership is replaced by a subscription based service which offers convenience and cost predictability.	We operate a highly flexible approach and business model. Whilst the Society of Motor Manufacturers and Traders ('SMMT') states that the case for private vehicle ownership remains strong, we are mindful that a potential adaptation in the future would not be out of reach for the business.	Decreasing
2. Motorpoint does not adapt effectively to infrastructure requirements for increased demand for zero emission vehicles (and other climate related transition emergent risks).	We are already upgrading infrastructure with increased charging points, training of our preparation team and ensuring that customers have all of the information required over the potential decision to purchase a zero emission vehicle.	Decreasing
3. Motorpoint does not adapt to new technologies surrounding autonomous vehicle driving.	Currently, the technology does not indicate a change to the ownership or change in the use case for private vehicles in the UK. As noted in the first emerging risk, we have a highly adaptable business model and would consider a range of mitigations should this risk increase in likelihood.	Decreasing
4. New or existing suppliers choose to sell used vehicles directly to end users.	We recognise that the barriers of entry to the market for some of the largest suppliers are lower than a start-up entity. However, we are confident that our market share would continue to grow by continuing to be first for Choice, Value, Service and Quality for our customers.	Stable
5. An industry disrupter could find a way to sell a used car from person A to person B without taking ownership i.e. a connection charge / agent mechanism.	We are confident that by continuing to invest in our brand and offering the best Choice, Value, Service and Quality for our customers that we would remain a trusted retailer for used cars.	Stable

### Principal risks and uncertainties

Details of our principal risks and uncertainties are shown on the following pages. This includes 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 to ensure that all relevant risks are identified and addressed as appropriate. Key management information is reviewed to prescribe operating controls and performance monitoring against the Company's strategy and business plans.

The 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 annual review of the effectiveness of risk management and internal controls

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

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

Based on the work of the Audit and Risk and Compliance Committees, the Board has performed a robust assessment to ensure that: (i) the principal 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 FY23 the Group Risk and Compliance Committee and the Board continued with its role of managing the Group principal risks and where outside of appetite, setting out and monitoring mitigations to bring the risks within appetite.

There were no new emerging or principal risks in the year confirmed by the Board and the Group Risk and Compliance Committee, although the Board has recognised that FY22's 'economic vulnerability' risk required review and as such has been renamed to 'business resilience' in FY23. The key reason behind the change was to more accurately describe the risk faced by the Group; there are a number of external factors which could affect the Group wider than just an economic downturn or recession. The principal risk to mitigate is ensuring that the Group remains resilient in the face of any external challenge whether that is an economic downturn, pandemic or climate related physical risk crystallisation.

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 register in respect of climate change has been set out in our TCFD disclosure on pages 56 and 57. 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 67 to 72.

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

#### 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

Internal audit

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

#### 4th line

External assurance

- The work of the external auditor and other independent external assurance providers

## 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 12 months from the date of signing the Group Finance statements as required by the 'Going Concern' provision, by selecting a three year period to the end of FY26 which takes into account the Group's current position and the potential impact of the principal risks and uncertainties as set out on pages 67 to 72.

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. Three scenarios were modelled with the outcomes as follows:

Scenario	Outcome
<p><b>Base case</b></p> <p>Based upon the Group's most recent approved forecasts.</p>	<p>The Group is not in breach of any financial covenants and is not in a drawdown position on the RCF at the end of the viability period. Group is able to meet all forecast obligations as they fall due.</p>
<p><b>Sensitised</b></p> <p>A severe, plausible, downside scenario including reducing revenue (26% from base case) and incorporating an above inflation cost increase of 17% from base case.</p>	<p>The Group is not in breach of any financial covenants and is not in a drawdown position on the RCF at the end of the viability period. The Group is able to meet all forecast obligations as they fall due.</p>
<p><b>Reverse stress test</b></p> <p>A scenario created to model the circumstances required to breach the Group's banking covenants within the viability period.</p> <p>The Board considered the potential impacts in preparing the stress test. The below scenario was analysed:</p> <p>Reducing revenue (33% decrease from the base case) and increasing fixed costs (32% increase over and above the forecasts in the base case).</p>	<p>This scenario is designed to result in a covenant breach within the assessed viability period.</p> <p>Management believes the combination of severe downsides to be remote, and that there are numerous mitigating factors over and above those built into the reverse stress test modelling, which the Board would consider to avoid a covenant breach.</p>

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

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

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

Post year end, the Group maintained its available headroom by successfully extending its terms on its revolving credit facility, which stands at £29.0m. The Group also has an uncommitted overdraft facility of £6.0m, which remains in place and was undrawn at the year end. Both are until June 2026, with the option to extend for two further one year extensions if both parties are agreed. With respect to the Group's stocking facilities these are unchanged from FY22 at £195.0m, which the Board deem appropriate given current market conditions over the stabilisation of vehicle price inflation.

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

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

The Group has continued to demonstrate a flexible approach to trading and despite the ongoing constriction in the supply of nearly new vehicles, which is expected to continue into FY24, we have been able to use our market position to access more stock to satisfy customer demand, both online and in store.

The Directors have also made use of the post year end trading performance to reconfirm that no stores require an impairment provision. While only a short period has passed since the year end, this evidence does not suggest the need for further provisioning was required at year end.

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 2026.

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 FY23

## 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 offer an omnichannel proposition.
- Continue to compete via our business model's consistent focus on Choice, Value, Service and Quality; each of these cornerstones is built into the business operation and reporting. For example, customer satisfaction ratings are used in the calculation of all bonuses or commissions across the business.
- Significant investment in bringing brand marketing, digital engineering, data insight capability in house to raise awareness of Motorpoint and meet customer needs, including with respect to EVs and climate change related data, such as emissions produced by cars that are sold.
- Investment in supply chain capacity and capability, and delivery of productivity improvements to enable us to compete effectively and allocate resource to growth driving activity.
- Commission regular customer insight reports to track performance against the market, competitors and other key indicators.
- Increased our market share in new areas through two new stores in the year, and a further store opened in May 2023.
- Increased brand awareness through renewed investment and re-positioning of our marketing strategy, including a new nationwide TV advert campaign.
- Restructure of our internal sales reporting structure, including the appointment of three regional Retail Directors helping to drive the best outcomes for our customers.

## Brand and Reputation



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

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

- With a focus on the quality of the vehicles we sell, we launched a major new campaign to reinforce our brand positioning and raise brand awareness. Our new strapline will allow us to build on this investment and create a powerful point of difference versus the competition.
- Following a strategic review, Motorpoint has taken the decision to invest significantly in its in house digital marketing capabilities rather than rely on an agency model. This improved capability has already started to deliver tangible results with improved campaign performance and ROI but also medium term strategic opportunities.
- New roles in both Product Development and Product Design have enabled the business to increase the pace and complexity of new product features released on the website. With all aspects of the creative, design and build functions under the Company's control, we fully believe we will be able to increase the opportunities to delight both new and returning customers.
- New distinctive website creative and functionality mean we can more effectively communicate our core value propositions of Choice, Value, Service and Quality.
- Customer satisfaction, measured using the NPS system, sits at the heart of our operations and is subject to regular scrutiny across all levels of the business.
- We closely monitor customer perceptions using both qualitative and quantitative feedback and respond quickly where possible.

Dynamic Risk Assessment



Increasing



Decreasing



Stable

# PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk and impact

Mitigating controls

Progress made in FY23

## Brand and Reputation *continued*



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

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

- We recognise the importance of regularly assessing and testing the resilience of our internal and external communication protocols in the event of a 'reputational PR' incident. This approach is continuously under review and we are also looking at ensuring we have a robust business recovery communication framework in place.
- New roles in Insight and Analytics, as well as new technology partners, have significantly increased our capability to unlock additional growth opportunities.

## 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.

- Continue to drive for the best outcome for the customer across our product range.
- Constantly monitor the market and emerging trends.
- Work in conjunction with our partners to keep our consumer credit offer relevant, competitive and viable.
- Where possible reinvest in the quality of the customer offer, preferring to build its appeal rather than maximise our commission rates.

- Customer finance offering held for a significant portion in the year despite increases in the cost of money.
- FCA Consumer Duty controls review, working with partners to ensure our products provide the best possible outcome for our customers.

Risk and impact

Mitigating controls

Progress made in FY23

## 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 continued situation in Ukraine, which could affect supply in the motor trade, as well as the impacts from the historic semiconductor supply 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 all Motorpoint physical locations.
- We seek to limit dependency on individual suppliers by actively managing key supplier relationships.
- Home delivery and market share proposition improved with two new stores opening in the year and a further store in May 2023, ensuring more target markets are within a 30 minute drive of a Motorpoint store.
- Full procurement review undertaken in the year highlighting key areas for the business to be able to operate more efficiently.
- Investigative work reviewed on developing the sustainability of our supply chain.
- Negotiation with our main logistics provider, strengthening SLAs.

## Business Resilience



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 – resilience and flexibility built into the operating model, balanced levels of structural debt, low risk property portfolio and 'value for money' mentality.
- Strong and united Board and Management team in place, experienced managers in key roles and committed colleagues.
- Strong 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 stores, 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.
- Continued strength in the financial position of the Group through banking facility which was extended post year end.
- Successful recruitment of a skilled COO targeting greater efficiency, and sustainable operating procedures.
- Scenario planning work completed covering the business's readiness for the impacts of climate change, including an anticipated increased demand for electric and alternatively fuelled vehicles.

Dynamic Risk Assessment

Increasing

Decreasing

Stable

# PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk and impact

Mitigating controls

Progress made in FY23

## 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 stock.
- The Group has an uncommitted £6.0m overdraft and a £29.0m Revolving Credit Facility in place until June 2026.
- A treasury policy and set of processes are in place to govern and control cash flow activities, including the investment of surplus cash.
- Freight and energy prices are agreed in advance where applicable, to help mitigate volatility and aid margin management.
- Forward looking cash flow forecasts and covenant tests are prepared to ensure that sufficient liquidity and covenant headroom exists.
- Actions continue to improve controls around stock and cash management including stock purchasing, forecasting and use of the stocking facilities.
- Finance leading the actions from the procurement review undertaken in the year to ensure relationships with suppliers are as efficient and beneficial for the business as possible, with a number of opportunities explored for re-tenders.
- Strong financial position of the Group through stocking facilities and extension of terms on the revolving credit facility.

## IT Systems, Data and Cybersecurity

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.
- Successful recruitment of a new and experienced CTO who joined in March 2023.
- Significant investment in digital transformation is continuing, upgrading and replacing legacy systems.
- Ongoing actions in respect of network refresh programme, hardware refresh programme and strengthening our change management controls.
- Strengthened and renewed the data protection policy.
- Group wide rollout of data protection training.
- Recruitment of Information Security Manager.
- Third party audits arranged for FY24 to confirm cyber and data privacy resilience.



Risk and impact

Mitigating controls

Progress made in FY23

## 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.
- Continued focus in the year from the Group Risk and Compliance Committee ensuring robust regular oversight and review of compliance matters by the SLT. Continued to conduct horizon scanning processes to identify changes in regulatory expectations.
- Strengthened, renewed and thoroughly socialised data protection policy.
- Refreshed and renewed anti bribery and anti corruption policies.
- Group wide rollout of risk and control training.

## People and Culture

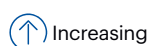


The success of the business could be impacted if it fails to attract, retain and motivate a diverse team of high calibre colleagues.

Maintaining and evolving the culture of our business (embodied in our shared values) is essential to delivering our strategy and ensuring the long term sustainability of our business.

- Our commitment to becoming a truly amazing place to work and our application of our Virtuous Circle is our biggest defence, ensuring we have a highly engaged, high performing team and attrition is minimised.
- Our commitment to Diversity, Equity and Inclusion has been reaffirmed in our SLT strategy and commitments.
- The composition of the Executive Team is regularly reviewed by the Board to ensure that it is appropriate to deliver the growth plans of the business.
- The Group's Remuneration Policy detailed in this report is designed to ensure that high calibre executives are attracted and retained. Lock in of senior management is supported by awards under the Long Term Incentive Plan.
- Monitoring of key risk indicators such as retention rate %, employee satisfaction through the b-Heard surveys.
- Continued Group Board focus on Board and Executive Team succession and talent management.
- The SLT has worked with an external consultant to develop our DEI strategy and have created their commitments to become an even more inclusive place to work.
- New ATS and onboarding systems have strengthened our proposition, making us more attractive to candidates and provide a better experience to applicants.
- Brought forward our living wage review and increased the Motorpoint living wage in line with the Real Living Wage foundation's October 2022 review.
- Further discount offered this year (10%) for the annual Share scheme programme to all employees.
- Set up and launch of 'Workplace', our new engagement platform for all team members.

Dynamic Risk Assessment



# PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk and impact

Mitigating controls


Progress made in FY23

## 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 stores.
- Incident management processing to ensure major incidents are dealt with appropriately and problems are logged and actively progressed to resolution.
- Undertake risk and control assessments to monitor compliance.
- Continually monitor our mandatory regulatory training to ensure that all colleagues are kept informed.
- Incidents are reported online, via a reporting tool. Line management deal with minor incidents. Major incidents are escalated to the SLT who are supported by third party expertise.
- Risk assessment is managed in the following ways: line management in the stores have a number of online risk assessment checklists to verify the relevant controls are in place; and higher level risk assessments are carried out on workshop activities by an expert third party – including ‘Hand Arm Vibration’ and ‘Control of Substances Hazardous to Health’.
- A separate, expert third party also carries out higher level risk assessments covering store transport safety, gates and barriers, as well as fire risk assessments.
- Implemented new expert third party relationship to assist with managing our Health & Safety Risk, working alongside existing third party relationships.
- 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 stores in FY23.

Dynamic Risk Assessment

 Increasing

 Decreasing

 Stable

# 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 → 31

Streamlined Energy and Carbon Reporting → 36 - 39

Energy efficiency actions → 34 - 39

Going green → 35

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 → 67, 71

## Company's employees

At a glance → 41

Our operating model begins with our team → 4 - 5

Our core values → 17

Our stakeholders → 30

Winning culture → 46

Supporting employee wellbeing → 46 - 47

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

### Related principal risk:

People and Culture; IT Systems, Data and Cybersecurity → 70, 71

## Social matters

Investing in our communities → 44 - 45

Supporting great causes → 44 - 45

Anti corruption and anti bribery matters → 48

### Related principal risk:

Brand and Reputation; Economic Vulnerability; Regulatory and Compliance → 67, 70, 71

### Respect for human rights

Real Living Wage → 32

Modern slavery → 49

Treating customers fairly → 48

### Related principal risk:

Brand and Reputation; Regulatory and Compliance; People and Culture → 67, 71

### Anti corruption

Whistleblowing hotline, anti corruption and anti bribery → 48

### Related principal risk:

Regulatory and Compliance → 71

### Investment case

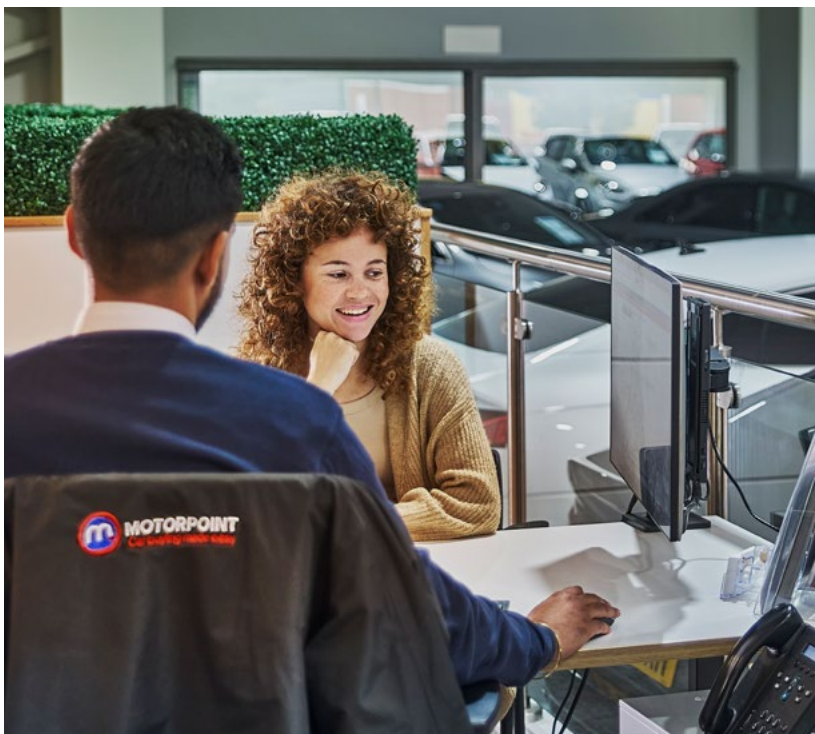
→ 6 - 7

### Non-financial KPIs

→ 23

### Business model

→ 8







# Governance

<b>76</b>	Board of Directors
<b>78</b>	Introduction to governance
<b>79</b>	Corporate governance report
<b>82</b>	Audit Committee report
<b>86</b>	Nomination Committee report
<b>90</b>	ESG Committee report
<b>92</b>	Remuneration Committee report
<b>94</b>	Remuneration policy
<b>102</b>	Annual report on remuneration
<b>109</b>	Directors' report
<b>114</b>	Statement of directors' responsibilities

## BOARD OF DIRECTORS

Experienced  
team  
delivering  
long term  
value



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



**Mark Carpenter**  
Chief Executive Officer



### APPOINTMENT

January 2022

April 2016

### 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 has held several senior roles with Best Buy Co. including EVP and president of the internet division. John has been a driving force in omnichannel and consumer driven retailing, as well as leading digital and transformational change, both in the UK and US.

Mark was appointed as Chief Executive Officer in May 2013 following two years as CFO, and has almost 20 years' experience in motor retail. Mark was previously Finance Director of Sytner Group Limited from 2005 to 2010. Prior to this, Mark was with Andersen, where he qualified as a Chartered Accountant.

### EXTERNAL ROLES

Since March 2021, John has been the chair of SnowFox Topco Ltd, the Guernsey topco responsible for Yo Sushi. John is also the Founder of Inversion LLC. In March 2023, John was appointed as Independent Non-Executive Director and Non-Executive Chair Designate of ScS Group Plc, and will take on the role of Non-Executive Chair of ScS on 30 November 2023.

None

**Committee membership key**

**A** Audit Committee

**R** Remuneration Committee

**N** Nomination Committee

**E** ESG Committee

**●** Committee Chair



**Chris Morgan**  
Chief Financial Officer

**E**

January 2021

Chris was appointed Chief Financial Officer in January 2021, and is also the Company Secretary for Motorpoint Group plc. Chris was formerly group finance director at Speedy Hire Plc. Prior to this Chris held senior finance leadership positions at Go Outdoors and Tesco, where he was latterly the finance director for the Czech Republic and Slovakia. Chris is a Fellow of the Institute of Chartered Accountants in England and Wales.

None



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

**A R N E**

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

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

Chair of the Remuneration Committee and member of the Nomination and Governance Committee of OSB Group plc.



**Adele Cooper**  
Independent Non-Executive Director

**A R N E**

March 2020

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

Adele is Chief Revenue Officer at &Open and a Non-Executive director of Conjura Ireland Limited.



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

**A R N E**

May 2020

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

Keith is 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, Chair of Albemarle Fair Oaks Airport Limited and a Non-Executive director on the boards of Martins Investment Holdings Ltd, Martins Development Holdings Ltd and Martins Financial Holdings Ltd.

# Chair's introduction

### DEAR SHAREHOLDER

I am delighted to present my Corporate Governance review for Motorpoint for FY23. 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.

The past year has seen the Company have to contend with a number of economic headwinds, with the cost of living crisis and supply chain issues creating a number of challenges. As a Board, we are committed to delivering sustainable and profitable growth, and remain committed to the delivery of our strategy that is set out earlier in this report. Despite the challenges to profitability, we have made good progress against our strategic objectives, and are continuing to increase revenues and market share.

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 2023 Annual General Meeting ('AGM').

### ESG

We are committed to an ESG agenda which aims to exceed our stakeholders' expectations. The past year has continued to accelerate expectations for all companies to make good progress in this area, and our new ESG Committee has met twice to develop, implement and monitor our ESG strategy, as well as oversee and support stakeholder engagement on ESG matters. We look forward to further developing the Committee's impact in the coming year.

### Board changes

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

Biographies for each of the current Directors are set out on pages 76 and 77. The progress in talent development and diversity can be found on page 87.

"The Board is committed to delivering our strategic plan underpinned with strong governance."

**John Walden**  
Chair

### Compliance statements

Throughout the year ended 31 March 2023, the Company has complied with all 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](http://www.frc.org.uk)) except for two. Firstly, with respect to the CEO's pension contributions. As set out in the Remuneration Committee report, under the new remuneration policy the CEO's pension contributions will reduce from 10% to 3% of salary following the 2023 AGM, to be aligned with that of the workforce and comply with the 2018 Code. Secondly, with respect to consulting directly with the workforce on remuneration matters. In the coming year we will review our 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.

### Our effectiveness

Every year we perform a review of the effectiveness of the Board. In early 2023, we commissioned an external Board effectiveness review with participation from all members of the Board. The findings show that the work we do as a Board and in our committees continues to be effective. Our review also confirmed that our focus in the coming year will be employee engagement, as well as succession planning for the Board and executive leadership and the implementation of our revised diversity, equity and inclusion strategy.

### Board priorities

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

**John Walden**  
Chair  
14 June 2023





# 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 it models the required behaviours and standards, with all Directors devoting sufficient time and attention to their role.

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

## Roles and responsibilities

### The Chair's role

The Chair's primary role is the leadership of the Board. They ensure that the Directors receive accurate, timely and clear information and are responsible for cultivating a boardroom culture of honesty and openness, which encourages debate, challenges 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 their responsibilities in enabling the Board to make sound decisions.

### Chief Executive Officer's role

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

### Chief Financial Officer's role

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

### Senior Independent Director's role

The Senior Independent Director acts as a sounding board to the Chair and serves as an intermediary for the other Directors when necessary. The Senior Independent Director is available to shareholders to assist with addressing 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.

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

### Independent

#### Non-Executive Directors

The Non-Executive Directors bring independence, and a broad mix of business skills, knowledge and experience to the Board. They provide an external perspective to Board discussions and are responsible for 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.

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.

### 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

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 in July 2022 to ensure they were aligned with the 2018 Code.

### 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.82)
- Nominations Committee (p.86)
- ESG Committee (p.90)
- Remuneration Committee (p.92)

### Board focus during the year

The Board holds a number of scheduled meetings each year, plus regular strategy sessions which are usually held off site. The meetings were held in a hybrid format this year, with some attended in person and others held virtually.

Key areas of focus during the year were:

### Strategy

- The Board reviewed progress against the Strategic Plan regularly during the course of the year
- Investor relations and communications
- Strategic growth opportunities such as the opening of new stores, technology and marketing investment, efficiencies and exploration of other growth opportunities

## Financial

- Approved the full year results announcement and the annual report for the 2023 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
- Half year results, full year results and trading updates
- Review of Group cash position and forecasting, and post year end the approval of the banking extension through to June 2026
- 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 62 to 72
- Approved the Viability Statement as disclosed in the FY23 annual report, which sets out that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years. The Board deemed a three year period to the end of FY26 would be appropriate, taking into account the Group's current position and the potential impact of the principal risks and uncertainties
- Considered and approved the adoption of the going concern basis of accounting in preparing the half and full year results
- Approved updates to the treasury policy

## People, talent and culture

- Succession planning and talent development for all senior roles
- Reviewed the results of the engagement survey
- Ensured safe and comfortable working environments
- Reviewed the staffing structure and implemented associated rationalisation, resulting in 20 redundant posts
- Implemented a Restricted Share Award for eligible staff
- Implemented an SAYE Share Plan for eligible staff for the three year period commencing February 2023

## Governance, compliance and ethics

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

## Board independence and appointment terms

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

The CEO, Mark Carpenter, owns approximately 9.8% of the shares of the Company. Mark Carpenter was considered by his fellow Directors to be independent in character and judgement in performing his duties during the periods of their tenure in the year. 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. During FY23, John Walden was appointed to the board of ScS Group Plc, and will take on the role of Non-Executive Chair of ScS on 30 November 2023. Prior to this appointment, consideration was given to the potential impact this would have on his role as Chair of Motorpoint Group plc, and whether there was a risk of overboarding in line with current governance practice. It was deemed that there was no risk of overboarding and no concerns were identified with this appointment.

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

## Board meetings

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

### Board and committee attendance FY23

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

Director	Board (9 meetings)	Audit Committee (3)	Nomination Committee (1)	Remuneration Committee (6)	ESG Committee (2)
Mark Carpenter	9	–	1	–	2
Chris Morgan	9	–	–	–	2
John Walden	9	–	1	–	–
Mary McNamara	9	3	1	6	2
Keith Mansfield	9	3	1	6	2
Adele Cooper	9	3	1	6	2

### Annual General Meeting

The 2023 AGM will be held on 26 July 2023.

The Notice convening the 2023 AGM will be circulated to shareholders separately, along with details on how shareholders can still raise questions to the Board in advance. We will ensure that shareholders are kept informed using the Notice of Meeting, our website, and relevant regulatory announcements 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

14 June 2023

# Audit Committee Chair's statement

### 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 81.

### DEAR SHAREHOLDER

I am pleased to present the report of the Audit Committee (the 'Committee') for FY23. The principal purpose of this report is to look back over the financial year ended 31 March 2023, and describe the Committee's responsibilities and activities during the year.

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

Risk management and internal control continues to be a priority topic for the Group, ensuring Motorpoint can respond with pace and robustly to economic uncertainty, requirement for digital transformation and an extremely competitive marketplace. Management processes have continued to strengthen in the year through strong recruitment, automation and the completion of the Group's first formal internal audit plan – this is a major step forward in managing risk and internal control for the Group.

The Audit Committee has reviewed the status of the Group's plans for its first audit and assurance policy. Good progress has been made on the planning activity which includes assurance mapping and gathering the views from key stakeholders. A draft policy is expected in FY24 with a thorough review required before final publication.

I would like to thank my colleagues in the Committee for their valued contributions during this year and also extend my thanks to our colleagues within the business who have continued to embrace the Group's shared values, whilst also striving for greater efficiency and leaner ways of working in the context of an ever more competitive marketplace and increased economic uncertainty.

"Management processes have continued to strengthen in the year through strong recruitment, automation and the completion of the Group's first formal internal audit plan – this is a major step forward in managing risk and internal control for the Group."

**Keith Mansfield**  
Audit Committee Chair



### Committee composition and membership

The Committee currently comprises three independent Non-Executive Directors.

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

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

The Board believes that the members of the Committee as a whole have competence relevant to the sector in which the Group operates, gained from their respective external roles, previous and present. Biographical details of Committee members are set out on page 77.

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 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.

Similarly, the Head of Internal Audit attends for the specific portion of Committee meetings pertaining to internal audit, and has direct access to the Committee should internal audit need to raise any concerns outside of the formal context.

### Role of the Committee

The role and responsibilities of the Committee are set out in its terms of reference which were updated in FY23 and are available on the Company's website [motorpointplc.com](http://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 listed below:

- Monitor the integrity of the financial statements of the Company, including its annual and half yearly reports, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the auditor
- Review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy and whether it informs the Board's statement in the annual report on these matters that is required under the Code
- Keep under review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems
- Review and approve the statements to be included in the annual report concerning internal control, risk management, including the assessment of principal risks and emerging risks, Viability Statement and going concern
- Review reports from the internal audit function

- Review the adequacy and security of the Company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters
- Review the effectiveness of risk management and internal control policies in relation to ESG matters
- Monitor the statutory audit of the annual 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
- 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 2023 and half year results to 30 September 2022
- 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 FY23 year end audit
- Findings from the work of Internal Audit

## Financial reporting

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

- Whether the annual report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The statement incorporating the conclusion of this assessment is included later in this section
- The application of significant accounting policies and any changes to them
- The methods used to account for significant or unusual transactions where different approaches are possible
- Whether the company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements

- The clarity and completeness of disclosures in the financial statements and the context in which statements are made
- All material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management

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

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

In the preparation and final approval of the financial statements, the Committee discussed with management the key sources of estimation and critical accounting judgements. The Committee considered the following significant issues in relation to the FY23 financial statements:

- **Inventory Valuation:** Inventory is valued at the lower of cost and net realisable value. Margins on vehicles increased in FY22 due to a global shortage of semiconductors resulting in a reduction of the supply of new vehicles; this in turn 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. Further, in the second half of FY23 the Group experienced a considerable drop in the value of Electric Vehicles.

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.

- Appropriate capitalisation of IT development costs in line with the criteria set out in IAS 38; in particular as this year the amounts increased, following the acceleration of technical strategic investment. The Committee is satisfied based on the substantiation of the requirements of IAS 38 that the appropriate accounting treatment was applied.

## 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
- The findings from the external auditor as part of the FY23 year end audit

All relevant issues relating to the Annual Report were fully discussed at the Committee meeting in June 2023.

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

### Going concern and Viability Statement

The Company is required to include statements in its annual report relating to going concern and viability. The Committee reviewed and discussed with management and concluded that the financial statements can be prepared on a going concern basis and that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over 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 112 and 81 respectively of the report.

### Internal audit

Following the successful expansion of the function with the appointment of the Head of Internal Audit and Risk in the prior year, the Group's first internal audit plan was approved and carried out in FY23. A number of risk based reviews were undertaken by internal audit, establishing new independent third line assurance reports for the business and management agreed actions to address control weaknesses identified. Internal audit's areas of review in FY23 included:

- Balance sheet reconciliations controls audit
- End-to-end audits of purchasing controls for both sourcing vehicles and all non-vehicle expenditure
- Sales ledger control account controls audit
- Inputs to payroll controls audit
- Bank and cash procedures audit

The establishment of the function has been well received in the business and requests for third line assurance over controls have come from a wide range of business functions. The FY24 internal audit plan was approved in January 2023, covering a range of core audits over financial controls and a series of risk based reviews to be carried out across FY24.

### 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 audit risks

- The Committee assesses the audit plan
- All Committee members, key members of management, those who regularly provide input into the Committee provide feedback on how well PwC performed the year end audit
- 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 2023 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 2023.

### Keith Mansfield

Audit Committee Chair  
14 June 2023

# Nomination Committee Chair's statement

### COMMITTEE GOVERNANCE

#### Committee membership and attendance

During the year the Committee comprised:

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

The Committee met once during the year and attendance is set out in the table on page 81.

### DEAR SHAREHOLDER

I am pleased to present the report of the Nomination Committee (the 'Committee') for FY23.

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

In FY23, the Committee met once, where it received a recruitment update and discussed potential ways to help promote diversity within the Senior Leadership Team ('SLT'). There were no new Board appointments or resignations during the period and the Committee remains satisfied that the Board composition is balanced and

effective, and that the appropriate corporate governance standards and practices are in place.

Following the external board effectiveness review, the Board's discussions identified a number of opportunities to help encourage a diverse and inclusive pipeline of executive and non-executive talent within the Company. This will be a key focus for the Committee in the upcoming year to ensure that momentum is maintained. The Committee is clear on the vision to promote and model an inclusive and supportive culture where every individual, of any identity, from any background, feels they can be their authentic self at work, and keeps those values front and centre of its work. Further details on diversity within the business can be found within the Strategic Report on pages 41 and 42.

All Directors are subject to election or re-election to the Board by shareholders on an annual basis at the Company's AGM. The Chair, on behalf of the Board, has confirmed each Director continues to be an effective member of the Board and will stand for re-election at the 2023 AGM.

"Diversity and inclusion is important to us and will remain a key focus for the Committee in the year ahead."

**John Walden**  
Nomination Committee Chair





### Committee responsibilities

The Committee is responsible for:

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

The Committee has formal terms of reference which are available on the Company's website [motorpointplc.com](http://motorpointplc.com).

### Activities of the Committee

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

- Considered diversity within the SLT and discussed practical ways in which the Board could support the promotion of diversity and inclusion at senior levels

### Composition of the Board as at 31 March 2023

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

### Diversity and inclusion

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

The Financial Conduct Authority (FCA) has introduced new rules and targets which require listed companies to make disclosures in relation to gender and ethnic diversity at Board and executive management level. The targets are that at least 40% of the Board should be women, at least one of the senior Board positions should be a woman, and at least one member of the Board should be from an ethnic minority background. As at 31 March 2023, we comply with the senior Board position target, with the SID role being occupied by a woman, but have not achieved the target of the Board having 40% female representation or a board member from an ethnic minority. The Committee seeks to attract more women and people from an ethnic minority background onto the Board through a combination of targeted succession planning and the promotion of a culture that actively celebrates diversity throughout the Company.

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

Reporting table on sex/gender representation	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)		
			Number in Executive Management	Percentage of Executive Management	
Men	4	66%	3	5	83%
Women	2	34%	1	1	17%
Not specified / prefer not to say	0	0%	0	0	0%

Reporting table on ethnicity representation	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)		
			Number in Executive Management	Percentage of Executive Management	
White British (or other White)	6	100%	4	4	66%
Mixed / Multiple Ethnic Groups	0	0%	0	0	0%
Asian / Asian British	0	0%	0	2	34%
Black / African / Caribbean	0	0%	0	0	0%
Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified / prefer not to say	0	0%	0	0	0%

As part of our commitment to Diversity, Equity and Inclusion we have a number of data collection points throughout the employee experience that allow us to measure how we are doing against our objective of having a truly diverse

# NOMINATION COMMITTEE REPORT CONTINUED

workforce and inclusive culture. This starts at the recruitment stage as we have an Applicant Tracking System which allows us to gather data on all applications. We will then also complete a right to work check for all hired employees and can capture data here. Finally, as part of this disclosure we have directly asked each member of the team how they identify within the outlined categories.

The Board's composition and size is kept under review by the Nomination Committee to retain an appropriate balance of skills, experience, diversity and knowledge of the Group. The Board also recognises the importance of diversity and inclusion at senior management level. The Group's SLT is made up of eight members including the CEO and CFO. Information on initiatives on diversity and inclusion can be found in the People section of the Strategic Report on pages 41 and 42.

## Board and Committee Effectiveness Review

The Board undertakes a formal evaluation of its performance, and that of each Director, on an annual basis. The principal committees of the Board also undertake an annual evaluation of their effectiveness in accordance with their terms of reference. In FY22 the Board identified four key action points arising from its self-evaluation and measured the steps taken throughout the year to achieve them. An update on progress in all four areas can be found in the table below.

<b>FY22 Issue/ Recommendation</b>	<b>Action</b>	<b>Progress during FY23</b>
Stakeholder engagement	<p>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.</p> <p>The Board will regularly review the list of identified stakeholders to ensure it remains relevant.</p>	<p>The Board determined that this recommendation had been achieved.</p> <p>The Board has engaged with a variety of stakeholders in FY23, including employees and shareholders, as well as through its work around ESG.</p>
Company secretarial support	<p>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.</p>	<p>The Board determined that this recommendation had been achieved.</p> <p>Company secretarial support has been outsourced, and the FY23 board evaluation demonstrated a significant improvement in the support provided.</p>
Quality of Board papers	<p>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.</p>	<p>The Board determined that this recommendation had been achieved.</p> <p>A new format of Board papers was introduced in FY23 and has provided additional detail and context to Board discussions and decision making.</p>
Externally facilitated Board evaluation	<p>External Board evaluation to be sought during FY23.</p>	<p>The Board determined that this recommendation had been achieved.</p> <p>The Board commissioned an independent external board evaluation in February 2023, and agreed an action plan to address areas for development and help ensure continued improvement.</p>

In line with its discussions the previous year, in early 2023 the Board commissioned an external evaluation of the Board and its committees by Indigo Independent Governance. As Indigo also provides governance services to Motorpoint, the Board agreed that the review would be carried out by a separate team at Indigo to maintain independence and ensure a truly external view. The evaluation covered a range of matters including the balance of contributions, quality of debate and constructive challenge, senior leadership succession, stakeholder engagement, the effectiveness of agenda planning and the quality and timeliness of meeting papers.

The results of the review were circulated to members of the Board and its recommendations were discussed at the February 2023 Board meeting and actions were agreed and adopted at the March 2023 Board meeting. Three specific actions were identified for FY24, as set out in the below table.

<b>FY23 Issue/Recommendation</b>	<b>Action</b>
Employee engagement	A programme of on site Board and Strategy sessions to be held to allow the Directors to engage directly with local teams as well as the SLT.  Employee engagement updates to be scheduled at Board meetings.
Succession planning	Nominations Committee and Board to be allocated the necessary time and resources to proactively consider succession planning strategies in the context of both the Board and executive leadership, with a focus on developing a pipeline of quality internal candidates.
Diversity, Equity and Inclusion	Further develop the Diversity, Equity and Inclusion strategy, and monitor how it is being implemented. Updates to be provided at Board and/or Committee meetings in FY24.  Ensure that diversity is factored into the discussion on succession planning for Board and executive roles.

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

#### Election or re-election of Directors

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

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

#### **John Walden**

Nomination Committee Chair

14 June 2023

# ESG Committee Chair's statement

### COMMITTEE GOVERNANCE

#### Committee membership and attendance

During the year the Committee comprised:

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

The Committee met twice during the year and attendance is set out in the table on page 81.

### DEAR SHAREHOLDER

I am pleased to present the report of the ESG Committee (the 'Committee') for FY23. The principal purpose of this report is to look back over the financial year ended 31 March 2023 and describe the Committee's responsibilities and activities during the year.

The Committee, which first met in June 2022, oversees the development and implementation of the Group's ESG strategy and monitors its performance in relation to ESG matters.

During its inaugural year, the ESG Committee met twice, where it focused on reviewing and monitoring the Group's new sustainability and diversity objectives and considered its effectiveness and areas for development following the external Board evaluation. Our measurement of our performance in relation to ESG goals has significantly improved over the last year and promising initial progress has been made. Further development is expected as the strategy continues to be rolled out across the business.

#### Committee composition and membership

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

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



"Promising initial progress has been made by the Company in relation to ESG, and further development is expected as the strategy continues to be rolled out across the business."

**Adele Cooper**  
ESG Committee Chair



#### Role of the Committee

The role and responsibilities of the Committee are set out in its terms of reference, which were updated in January 2023 to more clearly clarify responsibilities and are available on the Company's website [motorpointplc.com](https://www.motorpointplc.com). The key objectives of the Committee are to:

- Assist the Board in overseeing the development and implementation of the Group's ESG strategy and monitoring its performance in relation to ESG matters
- Oversee and support stakeholder engagement on ESG matters including, but not limited to, understanding stakeholder reporting expectations
- Review, prior to approval by the Board, the ESG matters to be presented in the Company's annual report and monitor the integrity of these reports
- Oversee and monitor the Group's progress against any net zero, decarbonisation or other environmental, social or governance strategies

- Make proposals to the Remuneration Committee regarding appropriate ESG related performance objectives for Executive Directors. Provide an assessment as to the outcomes of the ESG related performance objectives as at the end of the reporting period

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

**Adele Cooper**  
ESG Committee Chair  
14 June 2023

# Remuneration Committee Chair's statement

### COMMITTEE GOVERNANCE

#### Committee membership and attendance

During the year the  
Committee comprised:

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

The Committee met five times  
during the year and attendance  
is set out in the table on  
page 81.

### DEAR SHAREHOLDER

I am pleased to present the  
Company's Directors' Remuneration  
Report for the financial year ended  
31 March 2023. This report is split  
into two sections:

- the Directors' Remuneration  
Policy, which describes the new  
remuneration policy for the next  
three years and which will be  
subject to a binding shareholder  
vote at the 2023 AGM; and
- the Annual Report on  
Remuneration, which includes  
the Chair's statement and  
sets out in detail how the  
remuneration policy has been  
applied in the year to 31 March  
2023, as well as how the new  
policy will be applied in the  
forthcoming year. This section of  
the report will be subject to an  
advisory shareholder vote at the  
2023 AGM.

#### Proposed new Remuneration Policy

The Remuneration Committee is  
responsible for setting and applying  
a remuneration policy which serves  
to provide appropriate levels  
of remuneration to the Senior  
Management Team. The goals of the  
policy are to provide appropriate  
reward for strong performance and  
quality leadership, to ensure the  
retention of key employees and to  
allow the Company to attract high  
quality candidates.

The Committee values the views  
of the Company's shareholders  
and considered guidance from  
shareholder representative groups  
in reviewing and determining the  
new policy, alongside the business  
strategy and market practice. As part  
of the consultation with respect to  
the proposed new remuneration policy,  
the Chair of the Committee reached  
out to seek the views of our largest  
shareholders on certain aspects  
of the policy including pension  
provision, annual bonus (opportunity  
and structure) and the level of  
restricted share awards. Following  
the consultation and consideration  
of the feedback received, it was  
decided that there should be no  
change to the policy for annual  
bonus or restricted share awards and  
so there is only one change to the  
policy, which is to reduce the CEO's  
pension contribution from 10% to  
3% of salary, to be aligned with that  
of the workforce. We are aware that  
the CEO's salary and total package  
in particular still lags the market and  
will keep the packages for Executive  
Directors under review during this  
policy period.

"The business  
encountered a number  
of well documented  
macroeconomic  
headwinds during  
FY23, which resulted  
in stretching financial  
targets not being met.  
However progress  
has been made on  
non-financial targets,  
in particular the market  
share element has been  
achieved, which is a  
key component of  
our strategy."

**Mary McNamara**  
Remuneration Committee Chair



The new Directors' Remuneration Policy can be found on page 94.

### Performance for FY23 and remuneration outcomes

The business encountered a number of well documented macroeconomic headwinds during FY23, which included higher interest rates and inflation, consumer uncertainty which reduced demand, supply chain challenges, a falling used vehicle market and lower gross margins due to Electric Vehicle value falls and lower finance commissions. These have culminated in our financial targets not being met for the FY23 annual bonus.

However, some of the non-financial elements of the bonus plan have delivered performance above threshold targets and in particular the market share element has been achieved, which is a key component of our strategy. Overall, a bonus payout of 38.8% of maximum has been achieved. Whilst maintaining a focus on short term financial performance is important and we are disappointed to miss the stretching targets that were set, nonetheless it is appropriate to reward strong progress against the business strategy progress and the Committee is comfortable with this level of bonus payout.

The Restricted Shares Award granted to the CEO and other senior management in August 2020 will vest in August 2023. This grant predated the CFO joining the business. We are satisfied that the performance underpin has been achieved over the three year performance period to 31 March 2023. In particular, management has made significant strategic progress in challenging market conditions and has grown market share substantially. Executives have also been aligned to the shareholder experience over the vesting period, with lower values on vesting as a result of the fall in share price. Therefore the Committee has determined that the award should fully vest and, for the CEO, 50% will vest in August 2023, 25% will vest in August 2024 and 25% will vest August 2025.

The table below provides a summary of total remuneration for the Executive Directors for FY23.

	Salary (£'000)	Benefits (£'000)	Pension (£'000)	Bonus (£'000)	RSA (£'000)	Total (£'000)
Mark Carpenter	360	2	36	140	270	808
Chris Morgan	263	2	8	102	197	572

We are proud to be a Real Living Wage ('RLW') employer and this year, to provide additional support to our lowest employees, we have brought forward the increase to the RLW from the recommended date of 1 April 2023 to 1 January 2023. Bonuses have been payable widely across the workforce.

### Application of the policy for FY24

Salary increases for both Executive and Non-executive Directors will be 3%, with the wider workforce receiving an increase of 5% of salary.

The Chief Executive's pension contribution will reduce from 10% of salary to 3% of salary, effective from the date of the 2023 AGM when the new remuneration policy takes effect. This will ensure that both the CEO and CFO pension contributions are aligned to the rate payable to the majority of the workforce.

The annual bonus opportunity will remain at 100% of salary and is based on performance measures aligned to the business strategy. Whilst we still believe that there should be a significant element based on non-financial strategic measures, we have determined that the weighting on financial measures should be increased for FY24. Measures and their weightings for FY24 are as follows: PBT (25%), market share growth (25%), sales attributed to digital leads (20%), customer satisfaction (10%), employee engagement (10%), and in addition, we have introduced an environmental metric based on the reduction of Scope 1 & 2 emissions (10%).

Restricted Share Awards will be made over shares equivalent to 75% of salary for both Executive Directors. The Committee recognises the recent weakness

in the share price and considered whether a scale back of award level would be appropriate. However, the Committee noted that Executive Directors have shared the downside experience alongside shareholders through the lower value of shareholdings and historic Restricted Share Awards. The Committee therefore considers maintaining the award level will allow the Executive Directors to be appropriately incentivised to deliver long term shareholder value through the successful execution of the strategy. A robust performance underpin will apply, and for FY24 awards an element of the financial underpin will be based on long term ESG performance.

We believe that Motorpoint's approach to remuneration is appropriate, taking into account workforce remuneration outcomes and the wider stakeholder experience. The Committee therefore concluded it would not be necessary to exercise discretion to adjust any of the FY23 incentive outcomes. The Committee is satisfied that the remuneration policy operated as intended for FY23 and that no substantial changes are required for FY24 to the policy and its operation.

On behalf of all of my colleagues on the Committee, I hope that you will support the resolution on the new Directors' Remuneration Policy and approve the annual report on Remuneration at this year's AGM.

#### Mary McNamara

Remuneration Committee Chair  
14 June 2023

# REMUNERATION POLICY

This section of the report details the Remuneration Policy for Executive Directors. The policy set out below will, subject to shareholder approval, become effective from the 2023 AGM on 26 July 2023 and will apply for up to three years from this date.

## Compliance statement

This report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Regulations) and the subsequent amendments in 2018 and 2019. It also meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure and

Transparency Rules. The sections of the Remuneration Report that are subject to audit are marked as Audited Information. The remaining sections of the Remuneration Report are not subject to audit.

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

The Committee sets the remuneration policy for Executive Directors and other Senior Executives taking into account the Company's strategic objectives, shareholder expectations, the principles of the UK Corporate Governance Code and the remuneration policy for the wider workforce. The aim of the

remuneration policy is to provide an appropriate pay structure for the Executive Directors and senior management, to ensure their retention and to continue to focus them on delivering strong financial performance. To manage any potential conflicts of interest, the Committee ensures that no individual is involved in discussions regarding their own remuneration arrangements.

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

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

Action	Progress during FY23
<b>Clarity</b> – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	<ul style="list-style-type: none"> <li>The metrics used in our annual bonus have a direct link to our Company KPIs to ensure performance related remuneration supports and drives our strategy</li> <li>Restricted Shares ensure senior management are focused on the long term sustainability and interests of the Company and all of its stakeholders</li> <li>The Remuneration Committee consults with shareholders to explain and clearly set out any proposed changes to the policy and is committed to having an open and constructive dialogue with shareholders</li> </ul>
<b>Simplicity</b> – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	<ul style="list-style-type: none"> <li>Our remuneration structure which consists of annual bonus and Restricted Shares, which are not subject to performance measures, is simple and easy to understand</li> <li>The bonus is payable in cash. The Restricted Shares are the sole share based plan</li> </ul>
<b>Risk</b> – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target based incentive plans, are identified and mitigated.	<ul style="list-style-type: none"> <li>The Committee has ensured that risks are identified and mitigated by the presence of:                             <ul style="list-style-type: none"> <li>discretion to override the formulaic outturn of incentives</li> <li>clawback and malus provisions</li> </ul> </li> <li>Restricted Shares ensure Executives are not encouraged to make short term decisions but to deliver sustainable shareholder returns over the long term</li> <li>Executives are encouraged to build significant shareholdings</li> </ul>
<b>Predictability</b> – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	<ul style="list-style-type: none"> <li>The scenario charts on page 99 set out the potential rewards available to the Executive Directors under three different performance scenarios, and in the case of a 50% share price increase in relation to the restricted shares</li> </ul>
<b>Proportionality</b> – the link between individual awards, the delivery of strategy and the long term performance of the Company should be clear. Outcomes should not reward poor performance.	<ul style="list-style-type: none"> <li>Variable pay comprises the majority of the Executive Directors' packages, with the individual limits and pay-out for different levels of performance set out in the policy and the scenario charts on page 99. The performance conditions used for the annual bonus are aligned to strategy and the targets are set to be stretching to reward for delivering above market returns in line with strategy</li> <li>The Committee retains discretion to override the formulaic outturns of incentives if the payout does not reflect broader Company performance and other factors</li> </ul>



Action	Progress during FY23
<b>Alignment to culture</b> – incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	<ul style="list-style-type: none"> <li>The alignment of metrics to the medium and long term strategy ensures behaviours consistent with the Company's purpose and values are being encouraged</li> <li>The presence of clawback and malus provisions discourages behaviours that are not consistent with the Company's purpose, values and strategy</li> <li>The Committee reviews the wider workforce pay and policies to ensure there is alignment with the Executive Director policy and that remuneration is designed to support the Company's people centric culture</li> </ul>

## Changes to the Directors' Remuneration Policy

Following a detailed review of the remuneration policy and shareholder engagement, there is only one change proposed to the policy. The pension policy has been updated to reflect that Executive Directors may receive a pension contribution in line with the contribution available to the wider workforce (currently 3% of salary). The CEO's pension will be aligned to this rate following the 2023 AGM, the date the new policy applies.

## Directors' Remuneration Policy

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

Purpose and link to strategy	Operation	Performance measurement	Maximum opportunity
<b>BASE SALARY</b>			
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.	<p>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.</p> <p>Increases to base salary will take into account the performance of the individual and Company and external indicators such as inflation.</p>	<p>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.</p> <p>The Committee may award increases above this level to ensure that the salaries appropriately reflect the role, responsibilities, performance and experience of the Directors.</p>
<b>BENEFITS</b>			
To provide a market competitive benefits package for the executives to aid recruitment and retention.	<p>The benefits offered to Executive Directors comprise, but are not limited to, family medical insurance and company car.</p> <p>The Committee may offer an equivalent cash allowance instead if it feels it is more suitable.</p> <p>Other reasonable benefits may be offered as appropriate (including, in exceptional circumstances, relocation and/or disturbance allowances).</p> <p>Executive Directors may also be reimbursed for any reasonable expenses incurred in performing their duties, and any income tax payable thereon.</p>	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.

# REMUNERATION POLICY CONTINUED

Purpose and link to strategy	Operation	Performance measurement	Maximum opportunity
<b>PENSION</b>			
To provide market competitive pension arrangements for the executives and to aid recruitment and retention.	<p>Executive Directors are eligible for a contribution to the Group personal pension plan, or any other nominated personal pension fund.</p> <p>Where appropriate, Executive Directors may instead receive a cash allowance in lieu of formal pension contributions, or a combination of both.</p>	Not applicable.	<p>A pension contribution is payable in line with the pension available to the majority of the workforce, currently 3% of salary.</p> <p>The pension for the CEO will reduce from 10% of salary to 3% of salary from the 2023 AGM.</p>
<b>ANNUAL BONUS</b>			
To encourage improved financial and operational performance and align the interests of Directors with the short term Company strategy.	<p>Bonus payments are subject to the achievement of performance targets normally set over one financial year.</p> <p>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.</p> <p>All bonus payments are payable in cash and subject to appropriate recovery and withholding arrangements.</p>	<p>Performance will normally be based on a mix of financial, operational and / or non-financial measures aligned to the strategic objectives of the business.</p> <p>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.</p> <p>Stretching performance targets will be determined taking into account internal and external forecasts. For threshold performance up to 30% of maximum is payable.</p>	100% of salary.
<b>LONG TERM INCENTIVES - RESTRICTED SHARES</b>			
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.	<p>Awards will normally be granted following the publication of the Company's annual results each year.</p> <p>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.</p> <p>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.</p> <p>This holding period will continue post cessation of employment (to the extent that awards do not lapse).</p> <p>The Committee may determine that dividend equivalents will accrue over the vesting/ holding period.</p> <p>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.</p> <p>Restricted Shares are subject to recovery and withholding arrangements.</p>	In order for Restricted Shares to vest, the Remuneration Committee must be satisfied that business performance is robust and sustainable and that management has strengthened the business. In assessing this performance condition, the Committee will consider financial and non-financial KPIs, including ESG targets, as well as delivery against strategic priorities. To the extent it is not satisfied that this performance condition is met, the Committee may scale back the level of vested awards including to zero. This performance assessment will take place at the end of the third year.	Normally 75% of salary. However, an individual maximum of 100% of salary may apply in exceptional circumstances.

Purpose and link to strategy	Operation	Performance measurement	Maximum opportunity
<b>ALL EMPLOYEE SHARE PLANS</b>			
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.
<b>SHAREHOLDING GUIDELINES</b>			
To align the interests of Directors with those of the shareholders through share ownership.	<p>All Executive Directors are required to build and maintain a shareholding equivalent in value to 200% of their annual base salary.</p> <p>Until this guideline is met, Directors must retain half of any Restricted Shares that vest (after payment of tax and national insurance contributions) together with any shares deferred as part of the bonus (if applicable).</p> <p>Post cessation of employment, Executives will be required to retain the lower of the shareholding requirement (200% of salary) or the actual shares they hold on cessation of employment for a period of two years. Any voluntary purchases of shares by the Executives from the start of the previous policy period will be excluded from this requirement. The Committee has discretion to amend the requirement in certain circumstances as it considers appropriate.</p>	Not applicable.	Not applicable.

### Choice of performance measures

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

### Incentive plan operation

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

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

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

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

## Remuneration Policy for Non-Executive Directors

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

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

## 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.
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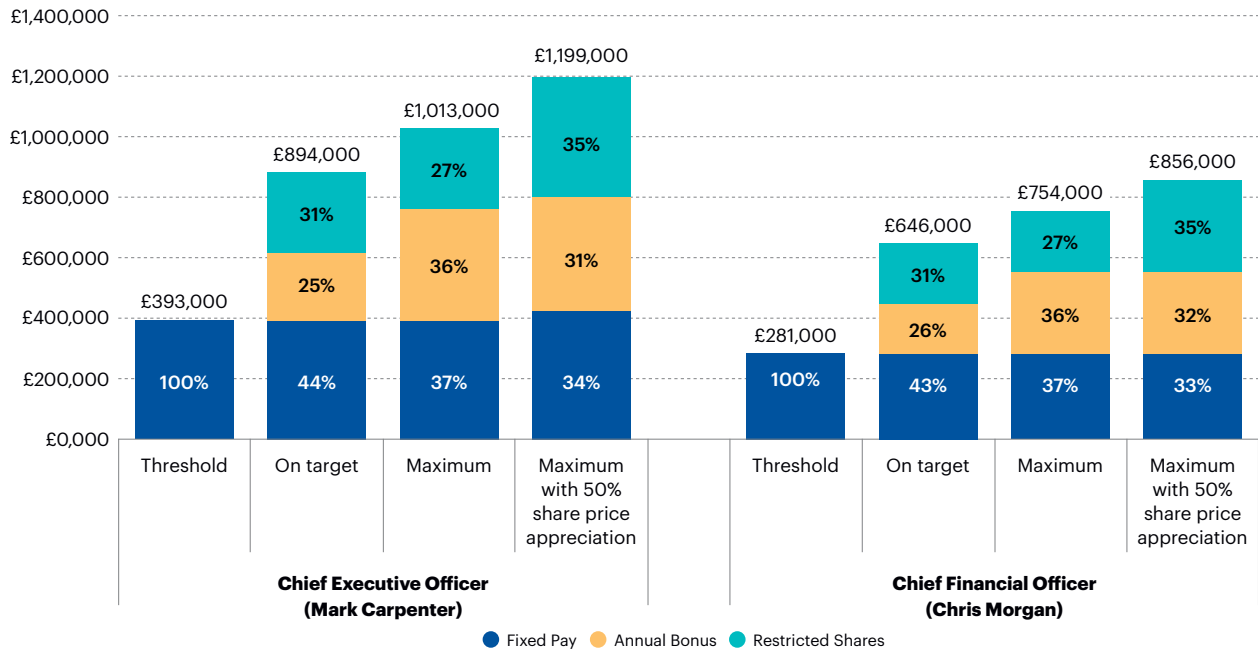
### Reward scenarios

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

- Threshold includes fixed pay only (i.e. base salary, benefits and pension reducing to 3% of salary from the 2023 AGM for the CEO)
- 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 2023, and the value for benefits is the cost of providing those benefits in FY23.

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



### Approach to recruitment remuneration

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

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

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

## External directorships

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

## Service contracts and payments for loss of office

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

Director	Date of contract / letter	Date of expiry	Notice period by Company or Director
<b>Executive Directors</b>			
Mark Carpenter	12 May 2016	N/A	9 months
Chris Morgan	11 January 2021	N/A	9 months
<b>Non-Executive Directors</b>			
John Walden	10 January 2022	10 January 2025	3 months
Mary McNamara	14 May 2019	14 May 2025	3 months
Adele Cooper	6 March 2020	6 March 2026	3 months
Keith Mansfield	20 May 2020	20 May 2026	3 months

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

Provisions	Treatment
<b>Termination payment</b>	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.
<b>Mitigation</b>	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).
<b>Annual bonus</b>	There is no contractual right to any bonus payment in the event of termination although in certain circumstances the Committee may exercise its discretion to pay a bonus at the normal time for the period of active service and based on performance assessed after the end of the financial year. The holding period in respect of deferred shares, if applicable, will normally be retained.
<b>Share awards</b>	<p>The default treatment for Restricted Shares under the Performance Share Plan rules is for all unvested awards to lapse in full on cessation.</p> <p>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).</p> <p>The default position in this case is that an award will vest subject to: (i) the assessment of the performance underpin over the measurement period; and (ii) the prorating of the award by reference to the period of time served in employment during the normal vesting period. However, the Committee can decide to allow early vesting and / or reduce or eliminate the prorating of an award if it regards it as appropriate to do so in the particular circumstances.</p>
<b>Other</b>	<p>Outstanding shares or awards under an all employee share plan will vest in accordance with the terms of the plan and HMRC legislation.</p> <p>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.</p> <p>Outplacement services and reimbursement of legal costs may also be provided.</p>

### Legacy arrangements

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

### Consideration of pay conditions within the wider team

When making decisions on executive remuneration, the Committee takes into account pay conditions for the Company as a whole, 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 Management team, with all Executive Directors and Senior Managers participating in the same annual incentive plan.

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

We are proud to be a Real Living Wage employer and this year, to provide additional support to our lower employees, we have brought forward the increase to the RLW from the recommended date of 1 April 2023 to 1 January 2023.

### Shareholder Views

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

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

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

# ANNUAL REPORT ON REMUNERATION

This part of the report has been prepared in accordance with Part 4 of The Large and Medium sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (as amended in 2018 and 2019) which amended The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, and 9.8.6R of the Listing Rules. The annual report on remuneration, including the Chair's annual statement, will be put to an advisory shareholder vote at our 2023 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 five times during the year and attendance is set out in the table on page 81.

## 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 £38,108 (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 FY23

Directors' single figure of remuneration (audited)

The table below shows the aggregate emoluments earned by the Directors of the Company during FY23 and also sets out the comparative information for FY22.

	Period	Salary/fees (£'000)	Benefits <sup>1</sup> (£'000)	Pension (£'000)	Total fixed remuneration <sup>3</sup> (£'000)	RSA <sup>2</sup> (£'000)	Bonus (£'000)	Total variable remuneration (£'000)	Total (£'000)
Mark Carpenter	FY23	360	2	36	398	270	140	410	808
	FY22	350	2	35	387	262	329	591	978
Chris Morgan	FY23	263	2	8	273	197	102	299	572
	FY22	255	2	8	265	191	240	431	696
John Walden	FY23	200	0	0	200	0	0	0	200
	FY22 <sup>4</sup>	144	0	0	144	0	0	0	144
Mary McNamara	FY23	58	0	0	58	0	0	0	58
	FY22	53	0	0	53	0	0	0	53
Adele Cooper	FY23	49	0	0	49	0	0	0	49
	FY22	40	0	0	40	0	0	0	40
Keith Mansfield	FY23	52	0	0	52	0	0	0	52
	FY22	47	0	0	47	0	0	0	47

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. This also includes the value of the discount offered in relation to the SAYE options granted during the year, which was worth £400.

4. From John Walden's appointment on 10 January 2022, and includes a one-off fee of £100,000, the net amount of which has invested in Company shares.



## 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 FY23 and the performance achieved.

Performance measure	Weighting	Performance required			Performance achieved	Payout of element (% of element weighting)
		Threshold	Target	Stretch		
PBT	15%	£20.5m	£21.5m	£23.65m	£(0.3)m	0%
Growth in share of the market we operate in	20%	+ve	+0.2%	+0.5%	+0.44%	17.5%
Customer – NPS	17.5%	80	82	84	83.5	15.6%
STRATEGIC OBJECTIVES:						
Cars sold per FTE	15%	74.7	76.7	78.7	71.0	0%
Sell your car	15%	Budget	Budget +10%	Budget +20%	<Budget	0%
ESG MEASURES:						
Employee engagement	10%	1 star <sup>1</sup>	2 star <sup>1</sup>	3 star <sup>1</sup>	1 star	2%
Environmental – getting EV ready, EVs sold v 2022	7.5%	100%	150%	200%	136.8%	3.7%
<b>Total</b>	<b>100%</b>					<b>38.8%</b>

1. Employer star rating in the Best Companies b-Heard survey.

The bonus payout for FY23 is 38.8% of maximum, resulting in a bonus for the CEO of £140k and for the CFO of £102k, 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 2023 (audited)

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

Name	Year of grant	Scheme	At 31 March 2022	Awards granted during the period	Awards exercised during the period	Awards lapsed during the period	At 31 March 2023	Vesting date	Exercise price
Mark Carpenter	FY20	2020 PSP <sup>1</sup>	155,470	–	–	(155,470)	0	22 July 2022	–
	FY21	2021 RSA	75,753	–	–	–	75,753	24 Aug 2023 <sup>2</sup>	–
	FY22	2022 RSA	95,558	–	–	–	95,558	16 June 2024 <sup>2</sup>	–
	FY23	2023 RSA	–	128,627	–	–	128,627	23 June 2025 <sup>2</sup>	–
	FY20	2020 SAYE	1,565	–	–	–	1,565	1 Feb 2023	230.00p
	FY21	2021 SAYE	1,298	–	–	–	1,298	1 Feb 2024	277.20p
	FY22	2022 SAYE	1,304	–	–	–	1,304	1 Feb 2025	276.00p
	FY23	2023 SAYE	–	2,589	–	–	2,589	1 Feb 2026	139.00p
Chris Morgan	FY22	2022 RSA	69,621	–	–	–	69,621	16 June 2024 <sup>2</sup>	–
	FY23	2023 RSA	–	93,482	–	–	93,482	23 June 2025 <sup>2</sup>	–
	FY22	2022 SAYE	1,304	–	–	–	1,304	1 Feb 2025	276.00p
	FY23	2023 SAYE	–	2,589	–	–	2,589	1 Feb 2026	139.00p

1 The 2020 PSP lapsed in full due to not meeting the EPS growth and market share growth targets set over the three year period to 31 March 2022.

2 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.

# ANNUAL REPORT ON REMUNERATION CONTINUED

## Restricted Share Awards ('RSAs') (audited)

The Restricted Shares Award level for the Executive Directors is normally 75% of salary each year. In order for Restricted Shares to vest, the Committee must be satisfied that 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

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

	Date of grant	Grant level as % of salary	Shares awarded	Share price	Estimated value on vesting <sup>1</sup>	Face value of award	Measurement period for performance underpin	Vesting schedule <sup>2</sup>
Mark Carpenter	24 August 2020	75%	75,753	271.4p	£205,593.64	£205,593.64	1 April 2020 to 31 March 2023	50% on 24 August 2023 25% on 24 August 2024 25% on 24 August 2025

1 Based on the three month average share price to 31 March 2023 of 141p.

2 Vested shares must be held until five years from grant.

### Assessment of performance condition:

The Committee carefully considered the achievement of the performance underpin (as described in the policy section of this report) over the three financial years to 31 March 2023 and noted the following:

- Significant progress in challenging market conditions despite extreme headwinds presented by the COVID-19 pandemic, microchip shortages, high inflation, soaring energy costs and interest rate increases
- Growth in market share in a shrinking market and increased turnover
- Customer satisfaction at industry leading levels
- Opening of six new stores, Home Delivery and Sell Your Car and significant investment in digital capability
- Strong progress against ESG strategy

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

### RSA 2022

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

### RSA 2023

RSAs in the form of nil cost options ('Options') granted under the rules of the PSP were based on the average of the closing middle market quotations of the share price during the five dealing days before grant, being 210.2 pence.

	Date of grant	Grant level as % of salary	Shares awarded	Share price	Face value of award	Measurement period for performance underpin
Mark Carpenter	22 June 2022	75%	128,627	210.2p	£270,375.00	1 April 2022 to 31 March 2025
Chris Morgan	22 June 2022	75%	93,482	210.2p	£196,500.00	1 April 2022 to 31 March 2025

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

In December of each year since 2016, Motorpoint has launched a SAYE scheme for all permanent employees. For the FY23 scheme, eligible employees are invited to subscribe for options over the Company's shares at an exercise price representing a 10% discount to the average closing mid market price of the shares over the three day period ending the dealing day before the invitation date. The maximum subscription offered is £3,600 (equivalent to £100 per month over the 36 month saving period).

	Date of grant	SAYE options awarded	Exercise price	Face value of award <sup>1</sup>	Date on which exercisable
Mark Carpenter	22 December 2022	2,589	139.0p	£3,999	Between 1 February 2026 and 31 July 2026
Chris Morgan	22 December 2022	2,589	139.0p	£3,999	Between 1 February 2026 and 31 July 2026

1. Face value of award based on number of SAYE options granted and a share price of 154.7p being the average closing mid market price of the shares over the three day period ending the dealing day before the invitation date.

**Payments to past Directors and payments for loss of office (audited)**

There have been no payments to past directors and no payments for loss of office during the year.

**Table of Directors' share interests (audited)**

The share interests of each Director as at 31 March 2023 (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.

Name	Beneficially owned shares <sup>1</sup>	Unvested Restricted Share Awards	Vested unexercised SAYE options	At 31 March 2023	
				Total	Percentage of salary/fees <sup>2</sup>
<b>Executive Directors</b>					
Mark Carpenter	8,881,693	299,938	6,756	9,188,387	3,474%
Chris Morgan	13,445	163,103	3,893	180,441	7%
<b>Non-Executive Directors</b>					
John Walden	137,000	–	–	137,000	97%
Mary McNamara	65,500	–	–	65,500	161%
Adele Cooper	13,327	–	–	13,327	39%
Keith Mansfield	36,876	–	–	36,876	99%

1. Some of these shares may be held through nominees.

2. Calculated as the value of all fully owned shares held at 31 March 2023, valued using the three month average share price over the period to 31 March 2023 (141p), divided by base salary as effective 31 March 2023.

During the period from 31 March 2023 to the publication of this report, there have been no changes in the Directors' share interests.

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

**External directorships**

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

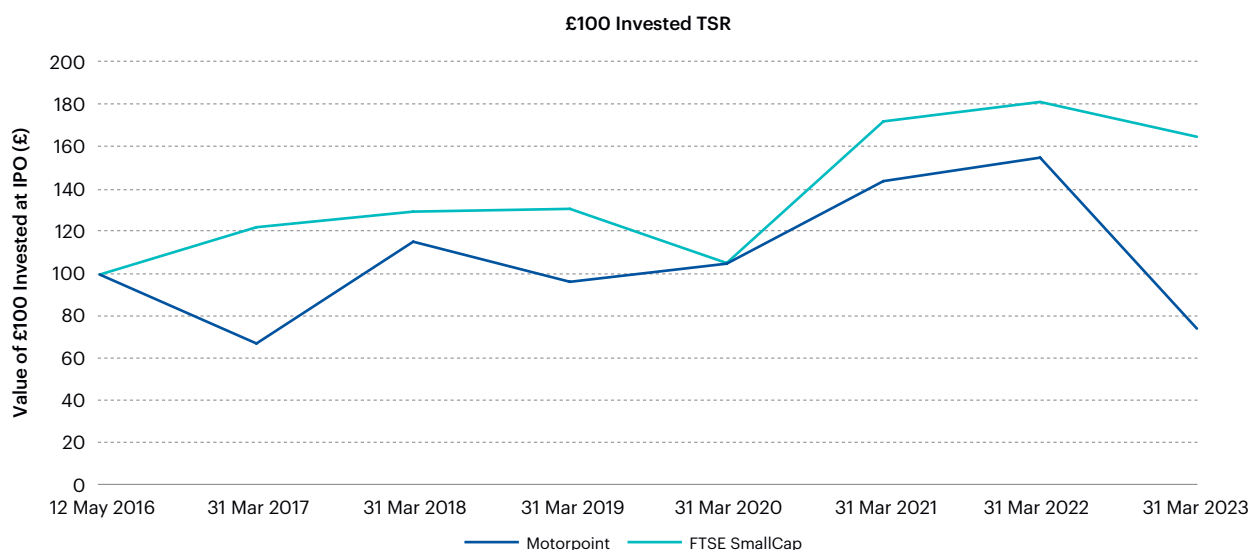
**Total shareholder return and Chief Executive Officer earnings history**

The chart in this section shows the Company's total shareholder return performance compared with that of the FTSE SmallCap Index over the period from the date of the Company's admission onto the London Stock Exchange to 31 March 2023.

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

# ANNUAL REPORT ON REMUNERATION CONTINUED

Total shareholder return and Chief Executive Officer earnings history continued



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

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

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

2. Restricted shares subject to a performance underpin.

## Change in remuneration of Directors and employees

The table below compares the difference in remuneration payable to the Directors over the period FY20 to FY23 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.

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

1. Chris Morgan joined the Board in January 2021.

2. John Walden joined the Board in January 2022.

3. Includes performance related commission for employees; Executive Directors elected not to take an annual bonus in 2021.

4. Adele Cooper's increase also reflects taking on the additional role of Chair of the ESG Committee in FY23.

### 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
2023	Option A	29.5:1	25.8:1	15.5:1
2022	Option A	31.3:1	28.3:1	16.4:1
2021	Option A	17.6:1	15.8:1	10.7:1
2020	Option A	20.5:1	18.0:1	10.25:1

Disclosure of employee data used to calculate the ratio for FY23:

	25th percentile £'000	Median £'000	75th percentile £'000
Total pay and benefits of employees	£26,004	£30,363	£51,129
Basic salary of employees	£20,342	£24,310	£28,177

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 2023.

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 FY23 performance.

At 25.8:1, the median CEO pay ratio has decreased for FY23 compared to FY22; this is primarily due to higher average pay increases across the workforce. The previous year had seen an increase in the ratio, primarily due to a bonus being paid to the CEO 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, taking into account that the reward policies and practices across the Group are considered by the Committee in the design and implementation of the remuneration policy each year for the Executive Directors.

#### Relative importance of spend on pay

The following table sets out the percentage change in employee costs, dividends paid and share buyback in FY23 compared to the prior year.

	FY22 (£m)	FY23 (£m)	Percentage change
Total employee remuneration	34.7	36.2	4.3%
Dividends paid	0	0	0%
Share buyback	0	0	0%

#### Statement of shareholder voting (2022 AGM voting)

The following table shows the voting results at the Company's 2022 AGM in respect of the resolution on the Remuneration Report for FY22 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 FY22 (2022 AGM)	99.4	0.6	5,300
Directors' Remuneration Policy FY20 (2020 AGM)	93.1	6.9	37,500

#### Implementation of the policy in FY24

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

# ANNUAL REPORT ON REMUNERATION CONTINUED

## Base salaries

Salaries will be increased by 3%, which is less than the average increase for the workforce for FY23 of 5%.

	1 April 2022	1 April 2023	Percentage change
Mark Carpenter	£360,500	£371,315	3%
Chris Morgan	£262,650	£270,529	3%

## Benefits and pension

No changes are proposed to the provision benefits. Executive Directors will continue to receive family private medical insurance, and a company car. Pension contributions (or cash in lieu of pension) will be 3% of salary for the CFO. The CEO's pension will reduce from 10% of salary to 3%, effective from the date of the 2023 AGM.

## Annual bonus

The annual bonus opportunity will remain at 100% of salary and is based on performance measures aligned to the business strategy. Whilst we still believe that there should be a significant element based on non-financial strategic measures, we have determined that the weighting on financial measures, together with market share growth, should be increased to 70%. Measures are as follows: PBT, market share growth, sales attributed to digital leads, customer satisfaction, and employee engagement. In addition, we have introduced an environmental metric based on the reduction of Scope 1 & 2 emissions.

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

## Long term incentives

Restricted Share Awards will be made over shares equivalent to 75% of salary for both Executive Directors. The Committee recognises the recent weakness in the share price and considered whether a scale back of award level would be appropriate. However, the Committee noted that Executive Directors have shared the downside experience alongside shareholders through the lower value of shareholdings and historic Restricted Share Awards. The Committee therefore considers maintaining the award level will allow the Executive Directors to be appropriately incentivised to deliver long term shareholder value through the successful execution of the strategy.

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

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

## Chair and Non-Executive Directors' fees

The fees payable to the NEDs of the Company are as follows. The fees payable to the Chair and NEDs for FY24 will increase by 3% to £206,000 and £46,350 respectively, and the fees for additional responsibilities have also been increased.

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

This report was approved by the Board on 14 June 2023 and is signed on its behalf by:

### **Mary McNamara**

Remuneration Committee Chair

14 June 2023

The Directors present their report, together with the audited financial statements of the Group and the Company, for the year ended 31 March 2023.

The Directors' report comprises the Board biographies (on pages 76 and 77), the Corporate Governance report (from page 76 to page 108), the Directors' report (from page 109 to page 113) and the Shareholder information section (on page 162).

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

Information	Reported in	Page numbers
Likely future developments and performance of the Company	Strategic report	14
Employee engagement	Strategic report	30
SECR	Strategic report	36 - 39
Stakeholder engagement	Strategic report	29
Corporate Governance statement		76 - 81
Directors	Board leadership and purpose	79 - 80
	Remuneration report – Directors' beneficial interests and shareholding requirements	105
Viability Statement	Strategic report	66
Details of Long Term Incentive Plan	Remuneration report	103 - 104
Accounting policies	Financial statements	126 - 134
Financial instruments	Financial statements	145 - 148
Financial risk management	Financial statements	145 - 148
Composition/operation of Board and committees	Corporate Governance report	79 - 81

## 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 76 and 77, 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 2023 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.

## 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.

## Employees with disabilities continued

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

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

## Research and development

The Company does not engage in research and development.

## Existence of brands outside the UK

The Company has no stores outside the UK.

## Workforce engagement

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

## Engagement with other stakeholders

In the discharge of their various legal, statutory and governance obligations and duties, the Directors have endeavoured to act to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard for the interests of its various stakeholders. Details of the various stakeholder groups and their associated engagement strategies are provided on page 29 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 2023, 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 2023	No. of ordinary shares	% of issued shares
Immersion Capital	17,647,958	19.57
abrdrn	9,016,374	9.99
Mark Carpenter	8,881,693	9.85
Forager Capital Management	8,128,643	9.01
LVO Global Asset Management SA	4,771,560	5.29
Mark Morris	4,227,213	4.69
Punch Card Capital LP	2,910,815	3.23

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 2022 AGM. Shareholders will be asked to renew these authorities in line with the latest institutional shareholder guidelines at the 2023 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.

## Dividends

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

## Share capital

As at 31 March 2023, 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 2023, the Motorpoint Employee Benefit Trust held 1,686,307 ordinary shares (FY22: 1,372,677).

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

## Change of control provisions

The Directors are not aware of there being any significant agreements that contain any material change of control provisions to which the Company is a party 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 2022, 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 2023 AGM.

## Allotment of shares

At the Company's AGM on 27 July 2022, 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 2023 AGM.

## Acquisitions of other companies' shares

The Company did not purchase or acquire the shares of another company in the year ended 31 March 2023; 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

The Group's 20th store opened in Ipswich in May 2023.

Arrangements relating to the unsecured loan facility provided by Santander UK PLC (£35.0m) were extended in June 2023 to June 2026 (previously May 2024), with the option to extend for two further one year periods if agreed by both parties.

## 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 pages 103 and 104 of the Directors' Remuneration Report.
9.8.4(5)	Waiver of emoluments by a Director.	None.
9.8.4(6)	Waiver of future emoluments by a Director.	None.
9.8.4(7)	Non-pre-emptive issues of equity for cash.	None.
9.8.4(8)	Non-pre-emptive issues of equity for cash in relation to major subsidiary undertakings.	None.
9.8.4(9)	Listed company is a subsidiary of another company.	Not applicable.
9.8.4(10)	Contracts of significance involving a Director or a controlling shareholder.	None.
9.8.4(11)	Contracts for the provision of services by a controlling shareholder.	None.
9.8.4(12)	Shareholder waiver of dividends.	The trustees of the Motorpoint Group Plc Employee Share Trust have a dividend waiver in place in respect of ordinary shares which are its beneficial property.
9.8.4(13)	Shareholder waiver of future dividends.	The trustees of the Motorpoint Group Plc Employee Share Trust have a dividend waiver in place in respect of ordinary shares which are its beneficial property.
9.8.4(14)	Agreement with controlling shareholder.	None.

## Going concern

In accordance with the UK Corporate Governance Code 2018, the Board has assessed the prospects of the Group over a period in excess of 12 months from the date of signing the Group financial statements as required by the 'Going Concern' provision, by selecting an 18 month period from signing, to December 2024, which takes into account the Group's current position and the potential impact of the principal risks and uncertainties as set out on pages 67 to 72.

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. Three scenarios were modelled with the outcomes as follows:

Scenario	Outcomes
<p><b>Base Case</b></p> <p>Based upon the Group's most recent approved forecasts.</p>	<p>The Group is not in breach of any financial covenants and is not in a drawdown position on the RCF at the end of the going concern period. The Group is able to meet all forecast obligations as they fall due for the going concern period.</p>
<p><b>Sensitised</b></p> <p>A severe, plausible, downside scenario including reducing revenue (26% from base case) and incorporating an above inflation cost increase of 17% from base case.</p>	<p>The Group is not in breach of any financial covenants at the end of the going concern period. The Group is able to meet all forecast obligations as they fall due for the going concern period.</p>

## Scenario

## Outcomes

**Reverse Stress Test**

A scenario created to model the circumstances required to breach the Group's banking covenants within the going concern period.

The Board considered a range of combined scenarios and potential impacts in preparing the stress test. The below scenario was analysed:

Reducing revenue (33% decrease from the base case) and increasing fixed costs (35% increase over and above the forecasts in the base case).

This scenario is designed to result in a covenant breach within the assessed going concern period.

Management believes the combination of severe downsides to be remote, and that there are numerous mitigating factors over and above those built into the reverse stress test modelling which the Board would consider to avoid a covenant breach.

The selection of the assumptions for the sensitised case 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.

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

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

During FY23, the Group maintained its available headroom by successfully extending its terms on its revolving credit facility which stands at £29.0m. The Group also has an uncommitted overdraft facility of £6.0m which remains in place and was undrawn at the year end. Both are until June 2026 with the option to extend for two further one year extensions if agreed by both parties. With respect to the Group's stocking facilities these are unchanged from FY22 at £195.0m which the Board deem appropriate given current market conditions over the stabilisation of vehicle price inflation.

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 a flexible approach to trading and despite the ongoing constriction in the supply of new vehicles, which is expected to continue into FY24, 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 no stores require an impairment provision. While only a short period has passed since the year end, this evidence adds comfort to the 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 going concern period.

The Board has determined that the 18 month period constitutes an appropriate period over which to provide its going concern assessment. Whilst the Board has no reason to believe the Group will not be viable over a longer period, given the inherent uncertainty involved we believe this presents users of the Annual Report and Accounts with a reasonable degree of confidence while still providing a medium term perspective.

The annual report was approved by the Board on 14 June 2023.

Signed on behalf of the Board

**Chris Morgan**

Chief Financial Officer

14 June 2023

# 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
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

## Directors' confirmations

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

Each of the Directors, whose names and functions are listed in the Board of Directors section of the Governance report on pages 76 and 77 confirm that, to the best of their knowledge:

- The Group financial statements, which have been prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group
- The Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities and financial position of the Company
- 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
- 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

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# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF MOTORPOINT GROUP PLC

### Report on the audit of the financial statements

#### Opinion

In our opinion:

- Motorpoint Group Plc's group financial statements and 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 2023 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the consolidated balance sheet and company balance sheet as at 31 March 2023; the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity and the company statement of changes in equity for the year then ended; and the notes to the financial statements, 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 consolidated 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 loss before tax.

##### Key audit matters

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

##### Materiality

- Overall group materiality: £1,080,000 (2022: £1,075,000) based on 0.075% of revenue (2022: 5% of profit before tax).
- Overall company materiality: £918,000 (2022: £914,000) based on 1% of total assets, restricted by component materiality allocation.
- Performance materiality: £810,000 (2022: £806,000) (group) and £688,500 (2022: £686,000) (company).

##### The scope of our 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.

The key audit matters below are consistent with last year.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Inventory valuation (group)</b></p> <p>Refer to the Audit Committee report and note 4 to the consolidated financial statements. Management have calculated the provision based on historical data and then applied judgement regarding future sales levels and margins to determine an appropriate overlay for retail stock. Given the magnitude of inventory balances and the estimation uncertainty as to future selling prices and therefore margins, there is a risk that inventory is being carried in excess of net realisable value.</p>	<ul style="list-style-type: none"> <li>• We have verified the mathematical accuracy of management's models used to calculate the inventory provision, agreeing historical data used within the model back to prior year audited data.</li> <li>• We have tested a sample of inputs used in management's models to appropriate third party evidence.</li> <li>• We have challenged the time period of historical data used within the calculation and sensitised the time period to assess the impact.</li> <li>• We have reviewed and challenged management's forecast margins post year end.</li> <li>• We have reviewed sales and margins post year end, and tested this data to supporting evidence, to understand actual loss making sales post year end.</li> <li>• We have assessed the impact of this on the remaining population of unsold vehicles in order to estimate the total loss making sales in relation to vehicles held in stock as at 31 March 2023.</li> <li>• We have reviewed the levels of loss making sales year on year and compared this with the adequacy of management's stock provisioning.</li> <li>• Based on the procedures performed, we consider the carrying value of inventory to be materially consistent with the evidence obtained.</li> </ul>
<p><b>Carrying value of investment in subsidiary undertakings (parent)</b></p> <p>Refer to note 3 to the company financial statements. As at 31 March 2023 the parent Company's balance sheet includes investments of £102.3m (FY22: £101.4m). 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 identified an impairment trigger in the year, therefore management have performed an impairment review over the carrying value of the investment.</p>	<ul style="list-style-type: none"> <li>• We have agreed the cash flow forecasts used in the impairment model to the board approved budget.</li> <li>• We have compared the forecasts used in the above to actual post year end data.</li> <li>• We have challenged key assumptions used in management's model and reviewed sensitivities to assess the impact on headroom.</li> <li>• We have verified the mathematical accuracy of management's model. The impairment assessment performed shows headroom between the carrying value of the investment and the discounted future cash flows, and continues to show headroom even when downside scenario sensitivities are applied.</li> <li>• We have also compared the carrying value to market capitalisation as at 31 March 2023.</li> <li>• No impairment was identified. We consider the carrying value of investment in subsidiaries to be consistent with the evidence obtained.</li> </ul>

*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 19 open retail sites, as at 31 March 2023, 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.

# INDEPENDENT AUDITORS' REPORT CONTINUED

## How we tailored the audit scope continued

These two entities cover 100% of the Group's revenue and profit before tax. All audit work was performed by the Group audit team.

## The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process adopted to assess the extent of the potential impact of climate risk on the financial statements and to support the disclosures made within the financial statements.

Our risk assessment was based on this enquiry as well as the review of Motorpoint's most recent internal reporting to the board regarding climate risk. We considered the following area to potentially be materially impacted by climate risk and consequently we focused our audit work in this area: impairment of non current assets.

We agreed climate related costs included in cash flow forecasts to external supporting evidence, for example the cost of carbon offsetting and cost of electric vehicles technician training and equipment.

We challenged the completeness of management's climate risk assessment by comparing with internal climate plans, board minutes and our understanding of the business and wider industry.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the year ended 31 March 2023.

## 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:

	Financial statements – group	Financial statements – company
<b>Overall materiality</b>	£1,080,000 (2022: £1,075,000).	£918,000 (2022: £914,000).
<b>How we determined it</b>	0.075% of revenue (2022: 5% of profit before tax)	1% of total assets, restricted by component materiality allocation
<b>Rationale for benchmark applied</b>	Revenue is a key metric used by management and external stakeholders to assess the performance of the group and it removes the impact of the significant volatility in profit before tax that has arisen in FY23.	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 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 £918,000 to £1,026,000.

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% (2022: 75%) of overall materiality, amounting to £810,000 (2022: £806,000) for the group financial statements and £688,500 (2022: £686,000) 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) (2022: £50,000) and £50,000 (company audit) (2022: £50,000) 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 2023 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:

## Corporate governance statement continued

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

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

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and 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](http://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 9 years, covering the years ended 31 March 2015 to 31 March 2023.

### **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

14 June 2023

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £m	2022 £m
<b>Revenue</b>	6	<b>1,440.2</b>	1,322.3
Cost of sales	7	<b>(1,354.5)</b>	(1,216.0)
<b>Gross profit</b>		<b>85.7</b>	106.3
Operating expenses	7	<b>(79.2)</b>	(81.3)
Other income		<b>0.3</b>	-
<b>Operating profit</b>		<b>6.8</b>	25.0
Finance expense	11	<b>(7.1)</b>	(3.5)
<b>(Loss) / Profit before income tax</b>		<b>(0.3)</b>	21.5
Income tax expense	12	<b>(0.3)</b>	(4.6)
<b>(Loss) / Profit for the year</b>		<b>(0.6)</b>	16.9
<b>Other comprehensive expenses:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Tax relating to items which will not be reclassified to profit or loss	12	<b>(0.1)</b>	(0.2)
<b>Other comprehensive expense</b>		<b>(0.1)</b>	(0.2)
<b>Total comprehensive (expense) / income for the year attributable to equity holders of the parent</b>		<b>(0.7)</b>	16.7
<b>Earnings per share attributable to equity holders of the parent</b>			
Basic	13	<b>(0.7p)</b>	18.7p
Diluted	13	<b>(0.7p)</b>	18.7p

The Group's activities all derive from continuing operations.

The notes on pages 126 to 153 are an integral part of these consolidated financial statements.

# CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023

	Note	2023 £m	2022 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	13.1	10.9
Right-of-use assets	17	58.4	46.7
Intangible assets	15	3.7	0.6
Deferred tax assets	18	-	1.0
<b>Total non-current assets</b>		<b>75.2</b>	59.2
<b>Current assets</b>			
Assets held for sale	20	-	9.2
Inventories	19	148.6	228.4
Trade and other receivables	21	18.4	13.6
Current tax receivable	12	1.3	-
Cash and cash equivalents	22	5.6	7.8
<b>Total current assets</b>		<b>173.9</b>	259.0
<b>TOTAL ASSETS</b>		<b>249.1</b>	318.2
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables, excluding contract liabilities	24	(143.8)	(193.8)
Borrowings	23	-	(29.0)
Lease liabilities	17	(3.4)	(3.3)
Current tax liabilities	12	-	(0.6)
Provisions	25	-	(0.1)
<b>Total current liabilities</b>		<b>(147.2)</b>	(226.8)
<b>Net current assets</b>		<b>26.7</b>	32.2
<b>Non-current liabilities</b>			
Lease liabilities	17	(60.2)	(49.5)
Provisions	25	(2.6)	(2.5)
Deferred tax liabilities	18	(0.2)	-
<b>Total non-current liabilities</b>		<b>(63.0)</b>	(52.0)
<b>TOTAL LIABILITIES</b>		<b>(210.2)</b>	(278.8)
<b>NET ASSETS</b>		<b>38.9</b>	39.4
<b>EQUITY</b>			
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	(5.3)	(4.7)
Retained earnings		44.0	43.9
<b>TOTAL EQUITY</b>		<b>38.9</b>	39.4

The consolidated financial statements on pages 122 to 153 were approved by the Board of Directors on 14 June 2023 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 2023

	Note	Called up share capital £m	Capital redemption reserve £m	Capital reorganisation reserve £m	EBT reserve £m	Retained earnings £m	Total equity £m
<b>Balance at 1 April 2021</b>		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
<b>Transactions with owners in their capacity as owners:</b>							
Share based payments	33	-	-	-	-	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)
<b>Balance at 31 March 2022</b>		<b>0.9</b>	<b>0.1</b>	<b>(0.8)</b>	<b>(4.7)</b>	<b>43.9</b>	<b>39.4</b>
Loss for the year		-	-	-	-	(0.6)	(0.6)
Other comprehensive expense for the year		-	-	-	-	(0.1)	(0.1)
Total comprehensive expense for the year		-	-	-	-	(0.7)	(0.7)
<b>Transactions with owners in their capacity as owners:</b>							
Share based payments	33	-	-	-	-	0.9	0.9
EBT share purchases and commitments	31	-	-	-	(0.7)	-	(0.7)
Share based compensation options satisfied through the EBT	31	-	-	-	0.1	(0.1)	-
		-	-	-	(0.6)	0.8	0.2
<b>Balance at 31 March 2023</b>		<b>0.9</b>	<b>0.1</b>	<b>(0.8)</b>	<b>(5.3)</b>	<b>44.0</b>	<b>38.9</b>

The notes on pages 126 to 153 are an integral part of these consolidated financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £m	2022 £m
<b>(Loss) / profit for the year attributable to equity shareholders</b>		<b>(0.6)</b>	16.9
Adjustments for:			
Taxation charge		0.3	4.6
Finance expense		7.1	3.5
<b>Operating profit</b>		<b>6.8</b>	25.0
Share based payments		0.1	0.1
Depreciation and amortisation charges		9.4	7.3
<b>Cash flow from operations before movement in working capital</b>		<b>16.3</b>	32.4
Decrease / (Increase) in inventory		79.8	(100.0)
Increase in trade and other receivables		(4.8)	(5.9)
(Decrease) / Increase in trade and other payables		(50.0)	68.0
<b>Cash generated from / (used in) operations</b>		<b>41.3</b>	(5.5)
Interest paid on borrowings and financing facilities		(5.1)	(1.8)
Interest paid on lease liabilities		(2.0)	(1.7)
Income tax paid		(1.1)	(2.3)
<b>Net cash generated from / (used in) operating activities</b>		<b>33.1</b>	(11.3)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and intangible assets		(9.4)	(6.9)
Proceeds from disposal of property, plant and equipment and right-of-use assets		9.7	-
<b>Net cash generated from / (used in) investing activities</b>		<b>0.3</b>	(6.9)
<b>Cash flows from financing activities</b>			
Payments to satisfy employee share plan obligations		(0.7)	(5.0)
Repayment of leases		(5.9)	(4.0)
Repayment of borrowings		(57.0)	-
Proceeds from borrowings		28.0	29.0
<b>Net cash (used in) / generated from financing activities</b>		<b>(35.6)</b>	20.0
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(2.2)</b>	1.8
Cash and cash equivalents at the beginning of the year		7.8	6.0
<b>Cash and cash equivalents at end of year</b>		<b>5.6</b>	7.8
Net cash and cash equivalents comprises: Cash at bank		5.6	7.8

# 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, Stephenson's Way, Derby, England, United Kingdom, DE21 6LY. The consolidated financial statements of the Group as at and for the year ended 31 March 2023 comprise the Company, all of its subsidiaries and the Motorpoint Group Plc Employee Benefit Trust (the 'EBT') as listed on page 158, 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 73.

## 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

In accordance with the UK Corporate Governance Code 2018, the Board has assessed the prospects of the Group over a period in excess of 12 months from the date of signing the Group financial statements as required by the 'Going Concern' provision, by selecting an 18 month period from signing to December 2024, which takes into account the Group's current position and the potential impact of the principal risks and uncertainties as set out on pages 67 to 72.

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. Three scenarios were modelled with the outcomes as follows:

Scenario	Outcome
<p><b>Base Case</b></p> <p>Based upon the Group's most recent approved forecasts.</p>	<p>The Group is not in breach of any financial covenants and is not in a drawdown position on the RCF at the end of the going concern period. The Group is able to meet all forecast obligations as they fall due for the going concern period.</p>
<p><b>Sensitised</b></p> <p>A severe, plausible, downside scenario including reducing revenue (26% from base case) and incorporating an above inflation cost increase of 17% from base case.</p>	<p>The Group is not in breach of any financial covenants at the end of the going concern period. The Group is able to meet all forecast obligations as they fall due for the going concern period.</p>
<p><b>Reverse Stress Test</b></p> <p>A scenario created to model the circumstances required to breach the Group's banking covenants within the going concern period.</p> <p>The Board considered a range of combined scenarios and potential impacts in preparing the stress test. The below scenario was analysed:</p> <p>Reducing revenue (33% decrease from the base case) and increasing fixed costs (35% increase over and above the forecasts in the base case).</p>	<p>This scenario is designed to result in a covenant breach within the assessed going concern period.</p> <p>Management believes the combination of severe downsides to be remote, and that there are numerous mitigating factors over and above those built into the reverse stress test modelling which the Board would consider to avoid a covenant breach.</p>



The selection of the assumptions for the sensitised case 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.

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

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

During FY23, the Group maintained its available headroom by successfully extending its terms on its revolving credit facility which stands at £29.0m. The Group also has an uncommitted overdraft facility of £6.0m which remains in place and was undrawn at the year end. Both are until May 2026 with the option to extend for two further one year extensions if agreed by both parties. With respect to the Group's stocking facilities these are unchanged from FY22 at £195.0m which the Board deem appropriate given current market conditions over the stabilisation of vehicle price inflation.

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

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

The Group has continued to demonstrate a flexible approach to trading and despite the ongoing constriction in the supply of new vehicles, which is expected to continue into FY24, we have been able to use our market position to access more stock to satisfy customer demand, both online and in store.

The Directors have also made use of the post year end trading performance to provide additional assurance that no stores require an impairment provision. While only a short period has passed since the year end, this evidence adds comfort to the 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 going concern period.

The Board has determined that the 18 month period constitutes an appropriate period over which to provide its going concern assessment. Whilst the Board has no reason to believe the Group will not be viable over a longer period, given the inherent uncertainty involved we believe this presents users of the Annual Report and Accounts with a reasonable degree of confidence while still providing a medium term perspective.

#### (c) New standards, amendments and interpretations

The Group has not early adopted standards, interpretations or amendments that have been issued but are not mandatory for 31 March 2023 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.

- Proceeds Before Intended Use – Amendments to IAS 16;
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37; and
- Annual Improvements to IFRS Standards 2018-2020 – Amendments to IFRS 9 and IFRS 16.

#### (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 33 and has no ability to access or use assets, or settle liabilities, of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 2. Summary of significant accounting policies continued

### d) Basis of consolidation continued

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions and balances between Group companies are eliminated on consolidation.

### (e) Segmental reporting

The Group has prepared segmental reporting in accordance with IFRS 8 'Operating Segments'. The Group's chief operating decision maker is considered to be the Board of Directors. Segmental information is presented on the same basis as the management reporting. An operating segment is a component of the business where discrete financial information is available and the operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

Operating segments are aggregated into reporting segments to combine those with similar characteristics.

The Group operates its omnichannel vehicle retailer offering through a store network and separate financial information is prepared for these individual store operations. These stores are considered separate 'cash generating units' for impairment purposes. However, it is considered that the nature of the operations and products is similar and they all have similar long term economic characteristics and the Group has applied the aggregation criteria of IFRS 8. In addition, the Group operates an independent trade car auction site offering a business to business entirely online auction market place platform which is assessed by the Board as a separate operation and thus there are two reportable segments: retail and wholesale.

### (f) Revenue recognition

Revenue represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. Revenue is measured at the fair value of the consideration receivable, when it can be reliably measured, and the specified recognition criteria for the sales type has been met. The transaction price is determined based on periodically reviewed prices and are separately identified on the customer's invoice. There are no estimates of variable consideration.

The transaction price for motor vehicles and motor related services is at fair value as if each of those products are sold individually.

#### (i) Sales of motor vehicles

Revenue from the sale of retail motor vehicles is recognised when the control has passed; that is, when the vehicle has been collected by, or delivered to, the customer. Payment of the transaction price is due immediately when the customer purchases the vehicle. Sales of accessories, such as mats, are recognised in the same way.

Revenue from the sale of wholesale vehicles is recognised when the control has passed; that is, when full payment has been made for the vehicle.

The Group operates a return policy which is consistent with the relevant consumer protection regulations. This is offered in the form of a seven day exchange guarantee to all retail customers and a 14 day money back guarantee for home delivery customers.

#### (ii) Sales of motor related services and commissions

Motor related services sales include commissions on finance introductions, extended guarantees and vehicle asset protection as well as the sale of paint protection products. Sales of paint protection products are recognised when the control has passed; that is, the protection has been applied and the product is supplied to the customer.

Vehicle extended guarantees 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.

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.

(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.

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	Amortisation method and rate
IT projects	20% - 33.3% straight line

(j) Property, plant & equipment

Property, plant and equipment is stated at the cost less depreciation. The cost of property, plant and equipment includes directly attributable costs. Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Land	Nil
Freehold property	5% straight line
Short term leasehold improvements	Lower of 20% straight line or remaining lease term
Plant and machinery	20% straight line
Fixtures and fittings	20% straight line
Office equipment	20% - 33.3% straight line

Assets in the course of construction are recorded separately within property, plant and equipment and are transferred to the appropriate classification when complete and depreciated from the date they are brought into use.

The residual values of the assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of assets is reviewed for impairment if events or changes in circumstances suggest that the carrying value may not be recoverable. Assets are written down to their recoverable amount if lower than their carrying value, and any impairment is charged to the statement of comprehensive income.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income within 'other income'.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 2. Summary of significant accounting policies continued

### (k) Financial instruments

IFRS 9 requires an entity to recognise financial assets and financial liabilities in the Group's Balance Sheet when the Group becomes party to the contractual provisions of the instrument.

The Group classifies financial instruments, or their component parts, on initial recognition as financial assets, financial liabilities or equity instruments according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

#### *Financial assets*

Trade receivables are initially recognised when they originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is classified either as being measured subsequently at fair value (either through other comprehensive income or through profit or loss), or measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets of the Group are classified as measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value reported in profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group recognises loss allowances for Expected Credit Losses ('ECL') on financial assets measured at amortised cost. ECL are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). All trade receivable balances are assessed individually.

ECL are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

From time to time, based on purchasing decisions, the Group holds hedging instruments to hedge currency risks arising from its activities. Hedging instruments are recognised at fair value. Any gain or loss on 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 2022 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 2. Summary of significant accounting policies continued

### *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 reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. A lease liability is recognised, the associated property, plant and equipment asset is derecognised, 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.

(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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 2. Summary of significant accounting policies continued

(w) Employee benefits 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.

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 measure 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 have a significant risk of causing material adjustments to the carrying amount of assets and liabilities in the next financial year. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

Inventory provisions (note 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. For those vehicles in stock as at the year end, an additional loss of £114 per car (FY22: £88 per car) would have to be realised to see a material adjustment to the inventory provision.



### 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 £6.2m (FY22: £4.6m). 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.

## 5. Segmental information

The Group has prepared segmental reporting in accordance with IFRS 8 'Operating Segments'. Segmental information is presented on the same basis as the management reporting.

### (a) Description of segments and principal activities

The Group's operating segments are determined based on the Group's internal reporting to the Board. The performance of operating segments is assessed by the Board on the basis of gross profit with all assets and liabilities assessed on a Group basis.

The Board examines the Group's performance from a product perspective and has identified two reportable segments of its business:

Retail – the Motorpoint brand is an omnichannel vehicle retailer offering nearly new cars that are under 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 2023 £m	Retail 2022 £m	Wholesale 2023 £m	Wholesale 2022 £m	Total 2023 £m	Total 2022 £m
<b>Gross profit</b>						
Revenue	1,175.7	1,112.3	264.5	210.0	1,440.2	1,322.3
Cost of sales	(1,101.2)	(1,021.3)	(253.3)	(194.7)	(1,354.5)	(1,216.0)
<b>Gross profit</b>	<b>74.5</b>	91.0	<b>11.2</b>	15.3	<b>85.7</b>	106.3

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 FY23 (FY22: £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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 6. Revenue

Revenue has been analysed between the sale of goods and the sale of services below:

	2023 £m	2022 £m
<b>Revenue analysis</b>		
Revenue from sale of motor vehicles	1,370.7	1,253.1
Revenue from motor related services and commissions	62.6	62.9
Revenue recognised that was included in deferred income at the beginning of the year – Sale of motor vehicles	3.9	3.3
Revenue recognised that was included in deferred income at the beginning of the year – Motor related services and commissions	3.0	3.0
<b>Total revenue</b>	<b>1,440.2</b>	<b>1,322.3</b>

The Group has no contract liabilities (FY22: £Nil).

The Group has recognised a returns provision as at the year end of £2.0m (FY22: £1.7m).

The Group recognises the following accrued income balances:

	2023 £m	2022 £m
<b>Accrued income</b>		
Commissions <sup>1</sup>	4.6	0.1
	<b>4.6</b>	<b>0.1</b>

<sup>1</sup> 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:

	2023 £m	2022 £m
<b>Deferred income</b>		
Vehicles invoiced not collected	0.2	3.9
Commissions received not earned	3.0	3.0
<b>Total deferred income</b>	<b>3.2</b>	<b>6.9</b>

## 7. Operating profit

Analysed as:

	2023 £m	2022 £m
Operating profit includes the effect of charging:		
Inventory recognised as expense	1,345.0	1,210.7
Movement in provision against inventory	(0.1)	1.0
Employee benefit expense (note 9)	36.2	34.7
Depreciation of property, plant and equipment (note 16) and right-of-use assets (note 17)	9.0	7.3
Amortisation of intangible assets (note 15)	0.4	–
Expense on short term and low value leases	0.4	0.4

	2023 £m	2022 £m
Total expenses comprise:		
Cost of sales	1,354.5	1,216.0
Operating expenses:		
Selling and distribution expenses	23.5	28.6
Administrative expenses	55.7	52.7
Total operating expenses:	<b>79.2</b>	<b>81.3</b>
Total expenses	<b>1,433.7</b>	<b>1,297.3</b>

## 8. Auditor's remuneration:

	2023 £m	2022 £m
<b>Auditor's remuneration:</b>		
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	-	-
<b>Fees payable for non-audit services</b>	-	-
<b>Total</b>	<b>0.2</b>	<b>0.2</b>

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

## 9. Employees and Directors

The aggregate employee benefit expenses were as follows:

	2023 £m	2022 £m
<b>Employee benefit expenses:</b>		
Wages and salaries	30.9	30.8
Social security costs	3.7	3.2
Pension costs	0.7	0.6
Share based compensation charge (note 33)	0.9	0.1
	<b>36.2</b>	<b>34.7</b>

The average monthly number of employees (including Directors but excluding third party contractors) employed by the Group was as follows:

	2023 No.	2022 No.
<b>Average number of people employed:</b>		
Sales and operations	600	589
Administration and support	299	291
	<b>899</b>	<b>880</b>

## 10. Directors' and key management remuneration

Key management has been identified as the Directors of Motorpoint Group Plc.

	2023 £m	2022 £m
Short term employee benefits	1.0	1.0
Share based payment	-	-
Employer contributions paid to money purchase schemes	-	-
	<b>1.0</b>	<b>1.0</b>

During the year the number of key management who were receiving benefits was 2 (FY22: 2).

In respect of the highest paid Director refer to page 102 of the Annual Report on Remuneration.

## 11. Finance expense

	2023 £m	2022 £m
Interest on bank borrowings	0.4	0.3
Interest on stocking finance facilities	4.7	1.5
Other interest payable	2.0	1.7
<b>Total finance expense</b>	<b>7.1</b>	<b>3.5</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 12. Income tax expense

The tax charge in the statement of comprehensive income represents:	2023 £m	2022 £m
<b>Current tax:</b>		
UK corporation tax	0.3	4.3
Adjustment in respect of prior years	(1.1)	0.3
<b>Total current tax</b>	<b>(0.8)</b>	<b>4.6</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(0.1)	0.2
Adjustment in respect of prior years	1.2	-
Impact of UK corporation tax rate change	-	(0.2)
<b>Total deferred tax</b>	<b>1.1</b>	<b>-</b>
<b>Total tax charge in the consolidated statement of comprehensive income</b>	<b>0.3</b>	<b>4.6</b>

### 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% (FY22: 19%):	2023 £m	2022 £m
<b>(Loss) / profit before taxation</b>	<b>(0.3)</b>	<b>21.5</b>
(Loss) / profit before taxation at the standard rate of corporation tax of 19% (FY22: 19%)	(0.1)	4.1
Tax effect of:		
- Fixed asset differences	0.3	0.3
- Expenses not deductible for tax purposes	0.2	0.1
- Adjustment in respect of prior years	(0.1)	0.3
- Re-measurement of deferred tax for changes in tax rates	-	(0.2)
<b>Tax charge in the consolidated statement of comprehensive income</b>	<b>0.3</b>	<b>4.6</b>

A tax receivable balance of £1.3m (FY22: tax payable balance of £0.6m) is included within current assets (FY22: current liabilities) as a result of the timing of the payments on account to HMRC.

### Amounts recognised directly in equity

	2023 £m	2022 £m
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
- Deferred tax: Re-measurement of deferred tax for changes in tax rates	(1.1)	(0.2)
- Deferred tax: Adjustment in respect of prior years	1.2	0.4
<b>Tax charge in the consolidated statement of comprehensive income</b>	<b>0.1</b>	<b>0.2</b>

### Factors affecting current and future tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. As at the balance sheet date of the 31 March 2023 the deferred tax asset has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (FY22: 25%).

### 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.

	2023	2022
(Loss) / profit attributable to Ordinary Shareholders (£m)	<b>(0.6)</b>	16.9
Weighted average number of Ordinary Shares in Issue (000)	<b>90,190</b>	90,190
Basic EPS (pence)	<b>(0.7)</b>	18.7
Diluted weighted average number of Ordinary Shares in Issue (000)	<b>90,190</b>	90,259
Diluted EPS (pence)	<b>(0.7)</b>	18.7

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the currently operating schemes and the vested but not yet exercised options. This is shown in the reconciliation below. No dilution in FY23 due to the Group making a loss before taxation.

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 33.

	2023	2022
Weighted average number of Ordinary Shares in Issue (000)	<b>90,190</b>	90,190
Adjustment for share options (000)	-	69
Weighted average number of Ordinary Shares for diluted earnings per share (000)	<b>90,190</b>	90,259

### 14. Dividends

During the year no dividends were paid (FY22: £Nil).

The Board has not proposed a final dividend (FY22: £Nil) for the year ended 31 March 2023.

### 15. Intangible assets

	Work in progress £m	IT projects £m	Total £m
<b>Cost and Net book value</b>			
At 1 April 2021	-	-	-
Additions	-	0.6	0.6
Disposals	-	-	-
At 31 March 2022	-	<b>0.6</b>	<b>0.6</b>
Additions	<b>3.4</b>	<b>0.1</b>	<b>3.5</b>
Transfers	<b>(2.8)</b>	<b>2.8</b>	-
Disposals	-	-	-
Amortisation charge	-	<b>(0.4)</b>	<b>(0.4)</b>
<b>At 31 March 2023</b>	<b>0.6</b>	<b>3.1</b>	<b>3.7</b>

The amortisation charge of £0.4m (FY22: £Nil) has been recorded in operating expenses.

The intangible assets balance comprises capitalised employee and third party costs incurred in relation to developing internally generated new application programming interfaces between platforms used by the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 16. Property, plant and equipment

	Land £m	Freehold property £m	Short term leasehold £m	Plant and machinery £m	Fixtures and fittings £m	Office equipment £m	Work in progress £m	Total £m
<b>Cost</b>								
At 1 April 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 classified as held for sale	(3.1)	(6.7)	-	-	-	-	(0.1)	(9.9)
<b>At 31 March 2022</b>	<b>2.2</b>	<b>-</b>	<b>10.3</b>	<b>2.2</b>	<b>3.0</b>	<b>4.1</b>	<b>0.6</b>	<b>22.4</b>
Additions	-	-	0.2	0.1	0.2	0.2	5.2	5.9
Transfers	0.2	-	3.7	0.1	0.4	0.5	(4.9)	-
Disposals	-	-	-	-	-	-	(0.4)	(0.4)
<b>At 31 March 2023</b>	<b>2.4</b>	<b>-</b>	<b>14.2</b>	<b>2.4</b>	<b>3.6</b>	<b>4.8</b>	<b>0.5</b>	<b>27.9</b>
<b>Accumulated depreciation</b>								
At 1 April 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 classified as held for sale	-	(0.7)	-	-	-	-	-	(0.7)
<b>At 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>5.8</b>	<b>1.3</b>	<b>1.4</b>	<b>3.0</b>	<b>-</b>	<b>11.5</b>
Provided during the year	-	-	1.8	0.3	0.5	0.7	-	3.3
<b>At 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>7.6</b>	<b>1.6</b>	<b>1.9</b>	<b>3.7</b>	<b>-</b>	<b>14.8</b>
<b>Net book value</b>								
<b>At 31 March 2023</b>	<b>2.4</b>	<b>-</b>	<b>6.6</b>	<b>0.8</b>	<b>1.7</b>	<b>1.1</b>	<b>0.5</b>	<b>13.1</b>
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

The depreciation expense of £3.3m (FY22: £2.3m) has been recorded in operating expenses.

Under IAS 36, the Group performs an annual assessment as to the existence of impairment indicators. Management identified an indicator of impairment as a result of the general market conditions including interest rates, inflation and supply shortages, which could have differing impacts at an individual site level. As such, an impairment assessment has been performed.

Recoverable amounts for cash generating units (individual stores) are the higher of fair value less costs of disposal, and value in use. Future cash flow projections are based on the Group's internal forecasts and include modest ongoing performance improvement, including in the newest stores. The Group considers these cash flows to be reasonable and conservative. The main assumptions within future cash flow projections relate to EBITDA growth and the risk adjusted discount rate. Management estimates the risk adjusted discount rate, FY23 12.4% (FY22: 10.5%), 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 £1.2m (FY22: £4.4m).

An increase in the discount rate for the current year of 3.5%, would indicate the potential for impairment on a site by site basis (FY22: No reasonable changes in assumptions applied would result in an impairment). An EBITDA decline of 27% across all CGUs for the next 3 years would be required to result in a material impairment.

The impairment review also includes performance of a high level financial review of the asset classes and cost categories likely to be impacted most significantly by climate change. An exercise was undertaken as part of our financial planning to ensure that our climate related risks and any associated costs had been considered when assessing the value of our assets and future cash flow forecasts. An estimated impact of climate related risks was included in the impairment review performed. Although there were costs anticipated as a result of climate related risks, this did not result in any impairment being identified.

## 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
<b>Right-of-use assets</b>	
Balance at 1 April 2021	43.6
Additions to right-of-use assets	8.1
Depreciation charge	(5.0)
<b>Balance at 31 March 2022</b>	<b>46.7</b>
Balance at 1 April 2022	46.7
Additions to right-of-use assets	17.4
Depreciation charge	(5.7)
<b>Balance at 31 March 2023</b>	<b>58.4</b>
	Lease liabilities £m
<b>Lease liabilities</b>	
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
<b>Balance at 31 March 2022</b>	<b>52.8</b>
Current	3.3
Non-current	49.5
Balance at 1 April 2022	52.8
Additions to lease liabilities	16.7
Repayment of lease liabilities (including interest element)	(7.9)
Interest expense related to lease liabilities	2.0
<b>Balance at 31 March 2023</b>	<b>63.6</b>
Current	3.4
Non-current	60.2

A maturity analysis of lease liabilities based on undiscounted gross cash flows as at 31 March 2023 is reported in the table below.

	2023 £m	2022 £m
Within one year	7.5	6.1
In the second to fifth years inclusive	28.6	22.3
After five years	43.0	35.1
Total minimum lease payments	79.1	63.5
Interest charges	(15.5)	(10.7)
Lease liability	63.6	52.8

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 17. Leases continued

(b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2023 £m	2022 £m
<b>Depreciation charge of right-of-use assets</b>		
Buildings	5.7	5.0
<b>Finance expense</b>		
Interest expense	2.0	1.7

The total cash outflow for leases held as right-of-use assets in FY23 was £7.9m (FY22: £5.7m).

An expense on short term leases is also included of £0.4m (FY22: £0.4m).

There are no low value leases.

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices and retail stores. Rental contracts are typically made for fixed periods of three to 20 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Where leases contain options to break, the Group has assumed that these are exercised, unless there is reasonable certainty that the lease will be extended, and therefore the assumed duration for the liability is to the break point. Similarly, for any extension options, these have not been assumed to be utilised unless there is reasonable certainty.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build up approach that starts with a risk free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease where relevant.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

There have been no lease payment breaks during the year.

### *Extension and termination options*

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

### *Impairment assessment*

Management has completed an impairment review of the Group's estate, using each Retail Store as a cash generating unit. Recoverable amounts for cash generating units are the higher of fair value less costs of disposal, and value in use. Further detail can be found in note 16: Property, plant and equipment.



## 18. Deferred tax (liabilities) / 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 2021	1.1	0.1	1.2
Charged to equity	(0.2)	–	(0.2)
<b>At 31 March 2022</b>	<b>0.9</b>	<b>0.1</b>	<b>1.0</b>
Charged to statement of comprehensive income	(1.1)	–	(1.1)
Charged to equity	–	(0.1)	(0.1)
<b>At 31 March 2023</b>	<b>(0.2)</b>	<b>–</b>	<b>(0.2)</b>

Deferred tax of £Nil (FY22: £Nil) is expected to be recovered or settled within 12 months from the reporting date.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. As at the balance sheet date of the 31 March 2023 the deferred tax asset has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (FY22: 25%).

## 19. Inventories

	2023 £m	2022 £m
Finished goods: New and used vehicles for resale	<b>148.6</b>	228.4

The replacement cost of inventories is not considered to be materially different from the above values.

Provisions against inventory total £2.3m (FY22: £2.5m). Write down of inventories recognised as an expense in the period totalled £14.5m (FY22: £5.4m).

Inventory with a carrying value of £102.5m (FY22: £147.0m) has been pledged as security for the stocking finance facilities where funding has been drawn down on that inventory.

## 20. Assets classified as held for sale

	2023 £m	2022 £m
Land and buildings	–	9.2

There are no assets classified as assets held for sale as at the current period end (FY22: land and buildings relating to the Group's stores in Stockton on Tees and Peterborough, both were sold and leased back during FY23).

## 21. Trade and other receivables

Due within one year	2023 £m	2022 £m
Trade receivables <sup>1</sup>	<b>9.9</b>	9.9
Prepayments	<b>3.9</b>	3.6
Accrued income <sup>2</sup>	<b>4.6</b>	0.1
	<b>18.4</b>	13.6

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 (FY22: £Nil).

2 Accrued income relates to commissions earned from finance companies.

## 22. Cash and cash equivalents

	2023 £m	2022 £m
Cash at bank and in hand	<b>5.6</b>	7.8

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 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 uncommitted overdraft and £29.0m available as a revolving credit facility. The availability of the revolving credit facility and overdraft was extended in June 2023 to expire in June 2026, (previously May 2024), with the option to further extend for two further one year periods if agreed by both parties. As at the reporting date, £Nil of the revolving credit facility (FY22: £29.0m) and £Nil of the overdraft (FY22: £Nil) was drawn down. The terms of the revolving credit facility and overdraft require a full repayment for a period of at least one day or more in each financial year and half year with no less than one month between repayments.

The finance charge for utilising the facility was dependent on the Group's borrowing ratios as well as the base rate of interest in effect. During the year ended 31 March 2023 interest was charged at 2.4% (FY22: 1.4%) per annum. The interest charged for the year of £0.4m (FY22: £0.3m) has been expensed as a finance cost.

### Net debt reconciliation

	Borrowings £m	Leases £m	Sub-total £m	Cash £m	Total £
Net debt as at 1 April 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)
Financing cash flows	<b>29.0</b>	<b>5.9</b>	<b>34.9</b>	<b>(2.2)</b>	<b>32.7</b>
New leases	-	<b>(16.7)</b>	<b>(16.7)</b>	-	<b>(16.7)</b>
Other changes					
Interest expense	<b>(5.1)</b>	<b>(2.0)</b>	<b>(7.1)</b>	-	<b>(7.1)</b>
Interest payments (presented as operating cash flows)	<b>5.1</b>	<b>2.0</b>	<b>7.1</b>	-	<b>7.1</b>
<b>Net debt as at 31 March 2023</b>	<b>-</b>	<b>(63.6)</b>	<b>(63.6)</b>	<b>5.6</b>	<b>(58.0)</b>

## 24. Trade and other payables: amounts due within one year

	2023 £m	2022 £m
Trade payables		
- Trade creditors	<b>18.6</b>	11.8
- Stocking finance facilities <sup>1</sup>	<b>102.5</b>	147.0
Other taxes and social security		
- VAT payable	<b>0.7</b>	1.8
- PAYE/NI payable	<b>0.9</b>	1.0
Other creditors	<b>0.3</b>	0.1
Accruals and deferred income <sup>2</sup>	<b>20.8</b>	32.1
	<b>143.8</b>	193.8

<sup>1</sup> Stocking finance facilities are provided from Black Horse Limited and Lombard North Central PLC. At 31 March 2023 the Group had £195.0m (FY22: £195.0m) of stocking finance facilities available of which £102.5m (FY22: £147.0m) 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 FY22 it was increased by additional £40.0m to £120.0m. The facility bears interest at the rate of 1.0% over the Sterling Overnight Index Average ("SONIA") rate since 1 January 2022 when 7 day LIBOR rate was no longer published.

The stocking finance facility with Lombard North Central PLC was negotiated in March 2019 and all borrowings are secured against the vehicle which the stocking finance facility is drawn down against. 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 £4.7m (FY22: £1.5m) has been recognised as a finance cost.

2 Included within accruals and deferred income is £0.2m (FY22: £3.9m) in relation to vehicles invoiced not collected at the reporting date and £3.0m (FY22: £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.

## 25. Provisions

	2023 £m Current	2023 £m Non-current	2023 £m Total	2022 £m Current	2022 £m Non-current	2022 £m Total
Make good provision <sup>1</sup>	–	2.5	2.5	–	2.5	2.5
Onerous lease <sup>2</sup>	–	0.1	0.1	0.1	–	0.1
	–	2.6	2.6	0.1	2.5	2.6

Movements in each class of provision during the financial year are set out below:

	2023 £m Make good provision <sup>1</sup>	2023 £m Onerous lease <sup>2</sup>	2023 £m Total	2022 £m Make good provision <sup>1</sup>	2022 £m Onerous lease <sup>2</sup>	2022 £m Total
Carrying amount at start of year	2.5	0.1	2.6	1.9	0.2	2.1
Charged to statement of comprehensive income						
– additional provisions recognised	0.6	–	–	0.6	–	0.6
– unwinding of discount	–	–	–	–	–	–
Amounts used during the year	(0.6)	–	–	–	(0.1)	(0.1)
Carrying amount at end of year	2.5	0.1	2.6	2.5	0.1	2.6

### 1 Make good provision

The Group is required to restore the leased premises of its 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 3 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 26. Financial instruments and risk management continued

### (a) Credit risk continued

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 FY23 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 2023 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 (FY22: 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 SONIA rates at the period end, except where rates had already been contracted.

	Within 180 days	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
<b>2023</b>						
Borrowings	–	–	–	–	–	–
Stocking finance facilities	102.5	–	–	–	–	102.5
Trade creditors and accruals	36.2	–	–	–	–	36.2
Lease liabilities	3.7	3.8	7.2	21.4	43.0	79.1
	142.4	3.8	7.2	21.4	43.0	217.8
<b>2022</b>						
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

### 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:

	2023			2022		
	Floating £m	Fixed £m	Total £m	Floating £m	Fixed £m	Total £m
Sterling denominated	102.5	–	102.5	176.0	–	176.0
Total	102.5	–	102.5	176.0	–	176.0

At 31 March 2023 and 2022 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	2023 £m	2022 £m
Sterling	+50	(0.5)	(0.9)
Sterling	-50	0.5	0.9

#### (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 (see "Alternative Performance Measures" section).

The funding arrangements of the Group at the balance sheet date consisted primarily of the stocking finance facilities, trade and other payables, as well as an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an uncommitted overdraft and £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 2023 the Group had undrawn stocking finance facilities of £92.5m (FY22: £48.0m) and undrawn credit facilities of £35.0m (FY22: £6.0m) and further information can be found in note 2.

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants; terms are defined within the alternative performance measures section of the Glossary:

- the interest cover (EBITDA to borrowing costs, being bank interest only) should not be less than 4:1
- adjusted leverage being the total net debt to adjusted EBITDA should not exceed 3:1
- the reported Net Worth (Net Assets per the Balance Sheet) will not at any stage fall below the amount of £30.0m.

The Group has complied with these covenants as applicable throughout the reporting period. As at 31 March 2023, they were 41:1, 0:1 and £38.9m respectively (FY22: 108:1, 1:1 and £39.4m).

Post year end, as a part of the new financing agreement signed in June 2023, the interest cover covenant will no longer apply and the following additional covenant must be complied to:

- the fixed charge cover being EBITDAR (excluding losses from new store openings within last two years) to fixed charges (finance charges plus rent) shall not be less than 1.25:1

#### (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.

2023	Carrying value £m
Trade receivables	9.9
Accrued income	4.6
Cash and cash equivalents	5.6
	16.0

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 26. Financial instruments and risk management continued

(g) Financial instruments by category continued

2022	Carrying value £m
Trade receivables	9.9
Accrued income	0.1
Cash and cash equivalents	7.8
	17.8

The Group's liabilities are classified as follows:

2023	Other financial liabilities at amortised cost £m	Liabilities not within the scope of IFRS 9 £m	Total £m
Borrowings	–	–	–
Trade creditors	18.6	–	18.6
Stocking finance facilities	102.5	–	102.5
Other taxes and social security	–	1.6	1.6
Lease liabilities	63.6	–	63.6
Other creditors	0.3	–	0.3
Accruals and deferred income	17.6	3.2	20.8
	202.6	4.8	207.4

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

### 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); and
- 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 Santander UK plc and financing arrangements in place with Lloyds Bank plc and Barclays Bank plc, all of which have a Fitch credit rating of A+. The Group does not obtain credit ratings for its customers. Due to their short maturities, the expected credit loss on financial assets is estimated at £Nil.

## 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 £0.3m (FY22: £0.1m) were payable to the scheme at the end of the year and are included in accruals.

## 28. Share capital

	2023		2022	
	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 <sup>1</sup>	90,190	0.9	90,190	0.9

There are currently no shares held in treasury for use to satisfy employee share plan obligations. Shares are held on behalf of employees within the employee benefit trust (EBT) detailed in note 31.

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 (FY22: £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.

## 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 33.

At 31 March 2023 the EBT held 1,686,307 (FY22: 1,372,677) ordinary shares of 1p each in the Group, the market value of which amounted to £5.3m (FY22: £4.7m). Details of outstanding share awards and options are shown in note 33.

The consideration paid for the ordinary shares of 1p each in the Group held by the EBT at 31 March 2023 and 31 March 2022 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:

	2023		2022	
	Number '000	Amount £m	Number '000	Amount £m
Shares purchased by the EBT in the year	340,000	0.7	1,449,048	5.0
Shares issued in respect of employee share schemes	(26,340)	(0.1)	(111,212)	(0.4)

Proceeds of £0.1m (FY22: £0.2m) were received on the exercise of share based payments. The weighted average cost of shares issued by the EBT was £0.1m (FY22: £0.4m).

Subsequent to the year end employee share options over 0 (FY22: 3,808) shares had been exercised and had been satisfied by ordinary shares issued by the EBT.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 32. Other commitments

### Capital commitments

The Group had capital commitments of £Nil at 31 March 2023 (FY22: £Nil).

## 33. 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 £0.2m (FY22: £0.1m).

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 2023 relating to all awards was a charge of £Nil (FY22: £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 <sup>2</sup> £	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) <sup>1</sup>	22 Jul 19	22 Jul 22	22 Jul 29	equity settled	412,022	2.204	Nil	Yes
FY21 RSA (A)	24 Aug 20	24 Aug 23	24 Aug 30	equity settled	199,333	2.480	Nil	Yes
FY21 RSA (B)	24 Aug 20	24 Aug 23	24 Aug 30	equity settled	37,877	2.480	Nil	Yes
FY21 RSA (C)	24 Aug 20	24 Aug 24	24 Aug 30	equity settled	18,938	2.447	Nil	Yes
FY21 RSA (D)	24 Aug 20	24 Aug 25	24 Aug 30	equity settled	18,938	2.336	Nil	Yes
FY22 RSA (A)	16 Jun 21	16 Jun 24	16 Jun 31	equity settled	297,013	1.907	Nil	Yes
FY22 RSA (B)	16 Jun 21	16 Jun 24	16 Jun 31	equity settled	82,589	1.907	Nil	Yes
FY22 RSA (C)	16 Jun 21	16 Jun 25	16 Jun 31	equity settled	41,295	1.688	Nil	Yes
FY22 RSA (D)	16 Jun 21	16 Jun 26	16 Jun 31	equity settled	41,295	1.494	Nil	Yes
FY23 RSA (A)	22 Jun 22	22 Jun 25	22 Jun 32	equity settled	442,424	1.442	Nil	Yes
FY23 RSA (B)	22 Jun 22	22 Jun 25	22 Jun 32	equity settled	111,055	1.442	Nil	Yes
FY23 RSA (C)	22 Jun 22	22 Jun 26	22 Jun 32	equity settled	55,527	1.272	Nil	Yes
FY23 RSA (D)	22 Jun 22	22 Jun 27	22 Jun 32	equity settled	55,527	1.121	Nil	Yes
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
SAYE23	22 Dec 22	1 Feb 26	1 Aug 26	equity settled	454,600	0.280	1.39	No
					6,890,095			

<sup>1</sup> The current assumption of non-vesting conditions reduces the fair value to zero at the balance sheet date.

<sup>2</sup> The fair value at grant date as disclosed above is prior to applying an assumption for the number of shares not expected to vest due to participants leaving the scheme.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

## 33. Share based compensation continued

SAYE scheme continued

	SIP		SAYE		PSP		RSA		2023		2022	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	Weighted average exercise price £	Number of options	Weighted average exercise price £	Number of options
Outstanding at 1 April FY	<b>46,386</b>	55,173	<b>724,810</b>	586,484	<b>435,438</b>	962,361	<b>730,370</b>	268,178	<b>0.79</b>	<b>1,937,004</b>	0.74	1,872,196
Awarded	-	-	454,600	403,215	-	-	695,061	462,192	0.55	1,149,661	0.82	865,407
Forfeited / lapsed	(27,149)	-	(413,822)	(153,677)	(6,256)	(526,923)	(212,964)	-	(1.31)	(660,191)	(0.52)	(680,600)
Exercised	(4,078)	(8,787)	(26,370)	(111,212)	-	-	-	-	(1.64)	(30,448)	(1.74)	(119,999)
<b>Outstanding at 31 March FY</b>	<b>15,159</b>	<b>46,386</b>	<b>739,218</b>	<b>724,810</b>	<b>429,182</b>	<b>435,438</b>	<b>1,212,467</b>	<b>730,370</b>	<b>0.52</b>	<b>2,396,026</b>	<b>0.79</b>	<b>1,937,004</b>
<b>Exercisable at 31 March FY</b>	<b>15,159</b>	<b>46,386</b>	<b>63,060</b>	<b>35,985</b>	<b>17,160</b>	<b>23,416</b>	<b>-</b>	<b>-</b>	<b>1.25</b>	<b>95,379</b>	<b>0.60</b>	<b>105,787</b>

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 (FY22: £1.12 – £2.77). The exercise price for PSP and RSA share awards is £Nil (FY22: £Nil).

The assumptions used in the measurement of the fair value at grant dates of the SAYE scheme are as follows:

	Share price at grant date £	Expected volatility %	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
22 December 2022	1.45	44.9	3.0	3.3	1.63	38.9	0.28
20 December 2021	3.45	43.6	3.0	1.3	1.63	27.1	0.75
23 December 2020	2.81	51.7	3.0	2.5	1.29	27.1	0.94
23 December 2019	2.89	37.5	3.0	2.5	3.00	27.1	0.89
21 December 2018	2.04	34.5	3.0	2.5	2.85	27.1	0.50
27 December 2017	1.97	34.3	3.0	2.5	2.85	27.1	0.49
27 December 2016	1.28	33.0	3.0	2.5	3.10	27.1	0.32

The maximum subscription offered is £3,600 (equivalent to £100 per month over the 36 month saving period).

Contributions from salary are made into a savings account and on maturity participants can exercise their option to buy shares at the discounted rate with their saved contributions or have the funds returned to them.

Expected volatility is estimated by considering historic average share price volatility of Motorpoint Group Plc share price at the grant date. The requirement that an employee has to save in order to purchase shares under the SAYE is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation obtained from the Black-Scholes pricing model.

	FY23 SAYE		FY22 SAYE		FY21 SAYE		FY20 SAYE		FY19 SAYE	
	Number	Option exercise price £	Number	Option exercise price £	Number	Option exercise price £	Number	Option exercise price £	Number	Option exercise price £
Outstanding at 1 April 2022	-	-	373,052	2.76	185,409	2.77	131,364	2.30	35,985	1.89
Awarded	454,600	1.39	-	-	-	-	-	-	-	-
Forfeited	(19,028)	-	(200,635)	-	(103,316)	-	(63,923)	-	(9,615)	-
Vested / early exercise	(2,589)	-	(9,713)	-	(1,622)	-	(4,381)	-	(26,370)	-
<b>Outstanding at 31 March 2023</b>	<b>432,983</b>	<b>-</b>	<b>162,704</b>	<b>-</b>	<b>80,471</b>	<b>-</b>	<b>63,060</b>	<b>-</b>	<b>-</b>	<b>-</b>

The total charge in the year, included in administrative expenses, in relation to these awards was £0.3m (FY22: £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 1.3 years (FY22: 1.6 years).

### 34. 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 105.

### 35. Post balance sheet events

Arrangements relating to the unsecured loan facility provided by Santander UK PLC (£35.0m split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility) were extended in June 2023 to June 2026 (previously May 2024), with the option to extend for two further one year periods if agreed by both parties.

The Group's 20th store opened in Ipswich in May 2023.

# COMPANY

## BALANCE SHEET

### AS AT 31 MARCH 2023

	Note	2023 £m	2022 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	3	102.3	101.4
<b>Total non-current assets</b>		<b>102.3</b>	101.4
<b>Total assets</b>		<b>102.3</b>	101.4
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	4	(53.1)	(52.1)
<b>Total current liabilities</b>		<b>(53.1)</b>	(52.1)
<b>Net current liabilities</b>		<b>(53.1)</b>	(52.1)
<b>Total liabilities</b>		<b>(53.1)</b>	(52.1)
<b>Net assets</b>		<b>49.2</b>	49.3
<b>Equity</b>			
Called up share capital	6	0.9	0.9
Capital redemption reserve	7	0.1	0.1
EBT Reserve		(5.3)	(4.7)
Retained earnings			
At 1 April 2022 and 2021 respectively		53.0	53.9
Loss for the year		(0.3)	(0.3)
Share-based payments		0.9	0.1
Share-based compensation options satisfied through the EBT		(0.1)	(0.7)
		53.5	53.0
<b>Total equity</b>		<b>49.2</b>	49.3

The notes on pages 156 to 159 are an integral part of these financial statements.

The financial statements on pages 154 to 159 were approved by the Board of Directors on 14 June 2023 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 2023

	Note	Called up share capital £m	Capital redemption reserve £m	EBT reserve £m	Retained earnings £m	Total equity £m
At 1 April 2021		0.9	0.1	-	53.9	54.9
Loss for the year		-	-	-	(0.3)	(0.3)
<b>Transactions with owners in their capacity as owners:</b>						
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)
<b>At 31 March 2022</b>		<b>0.9</b>	<b>0.1</b>	<b>(4.7)</b>	<b>53.0</b>	<b>49.3</b>
Loss for the year		-	-	-	(0.3)	(0.3)
<b>Transactions with owners in their capacity as owners:</b>						
Share-based payments		-	-	-	0.9	1.0
EBT share purchases and commitments		-	-	(0.7)	-	(0.7)
Share-based compensation options satisfied through the EBT		-	-	0.1	(0.1)	-
		-	-	(0.6)	0.8	0.2
<b>Balance at 31 March 2023</b>		<b>0.9</b>	<b>0.1</b>	<b>(5.3)</b>	<b>53.5</b>	<b>49.2</b>

# 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, Stephenson's 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 2023 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 126.

The Company financial statements have been prepared in sterling which is the functional and presentational currency of the Company and have been presented in round £m.

As permitted under section 408 of the Companies Act 2006, an entity profit and loss is not included as part of the published consolidated financial statements of Motorpoint Group Plc.

#### (b) Critical accounting judgements

The preparation of the financial statements requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity for the Group are disclosed in note 4 to the consolidated financial statements. There are no critical estimates or judgements specific to the Company.

#### (c) Investment in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amounts exceed the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment. Where equity settled share based compensation is granted to the employees of subsidiary companies, the fair value of the award is treated as a capital contribution by the Company and investments in subsidiaries are adjusted to reflect this capital contribution.

#### (d) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### (e) Financial instruments

The Company is applying sections 11 and 12 of FRS 102 in respect of the recognition and measurement of financial instruments. Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

The Company classifies financial instruments, or their component parts, on initial recognition as financial assets, financial liabilities or equity instruments according to the substance of the contractual arrangements entered into.

#### (f) Financial equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

#### (g) Financial liabilities

Financial liabilities are classified on initial recognition as either other financial liabilities measured at amortised cost or at fair value through profit or loss.

#### (h) Share capital

Ordinary Shares are classified as equity. Costs incurred in issuing equity are deducted from the equity instrument.

(i) Employee benefits

*(i) Pensions*

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions are charged in the statement of comprehensive income in the year in which they become payable in accordance with the rules of the scheme.

*(ii) Other employee benefits*

The Group recognises an expense for other short term employee benefits, primarily holiday pay and employee commissions and bonuses on an accruals basis.

*(iii) Share-based compensation*

Equity settled share based compensation to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The estimate is measured using the Black-Scholes pricing model and excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity settled share based transactions are set out in note 33 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 (FY22: none). Full details of the Directors' remuneration and interests are set out in the Remuneration Committee Report on pages 102 and 108.

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 105.

# NOTES TO THE COMPANY

## FINANCIAL STATEMENTS CONTINUED

### 3. Investments

	2023 £m	2022 £m
At 1 April	101.4	101.3
Share based payment charge	0.9	0.1
<b>At 31 March</b>	<b>102.3</b>	101.4

Under IAS 36, the Company 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. As such, an impairment assessment has been performed.

The same assumptions have been made as were made by the Group when considering individual cash-generating units. The impairment review results in significant headroom in the value of the investment held by the Company in Motorpoint Limited.

At 31 March 2023 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 <sup>1</sup>	Champion House, Stephensons Way, Derby, England, DE21 6LY	Dormant	04100916
Auction 4 Cars Limited <sup>1</sup>	Champion House, Stephensons Way, Derby, England, DE21 6LY	Dormant	09603690
Motorpoint Group Plc Employee Benefit Trust <sup>2</sup>	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

	2023 £m	2022 £m
Bank loans and overdrafts	–	29.0
Amounts owed to Group undertakings	53.1	23.1
	<b>53.1</b>	52.1

Amounts due to Group undertakings are repayable on demand, unsecured and non-interest bearing. See note 9 for further details on borrowings.

### 5. Financial instruments

Financial instruments utilised by the Company during the year ended 31 March 2023 may be analysed as follows:

	2023 £m	2022 £m
Financial liabilities measured at amortised cost	53.1	52.1
	<b>53.1</b>	52.1

Financial instruments included within current assets and liabilities (excluding cash) are generally short term in nature and accordingly their fair values approximate to their book values.

The Company's financial liabilities are repayable on demand and therefore their fair value is equal to their book value.



## 6. Called up share capital

	2023		2022	
	Number '000	Amount £m	Number '000	Amount £m
<b>Allotted, called up and fully paid Ordinary Shares of 1p each</b>				
<b>Balance at the end of the year<sup>1</sup></b>	<b>90,190</b>	<b>0.9</b>	90,190	0.9

<sup>1</sup> There has been no share buyback during FY23 and FY22.

Since the commencement of the current share buyback programme in 2019 as at 31 March 2023, 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 2023 the EBT held 1,686,307 (FY22: 1,372,677) ordinary shares of 1p each in the Company, the market value of which amounted to £5.3m (FY22: £4.7m). Details of outstanding share awards and options are shown in note 33 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 (FY22: £Nil) was transferred into the capital redemption reserve during the year in respect of shares purchased by the Company and subsequently cancelled.

## 8. Dividends

During the year no dividends were paid (FY22: £Nil).

The Board has not proposed a final dividend (FY22: £Nil) for the year ended 31 March 2023.

## 9. Borrowings

The Company's borrowings are consistent with the loan facility provided by Santander UK PLC detailed within note 23 of the consolidated financial statements.

## 10. Commitments and contingencies

### Capital commitments

The Company had nil capital commitments at 31 March 2023 (FY22: £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 (FY22: £195.0m) stocking finance facilities with Black Horse Limited and Lombard North Central PLC.

## 11. Related parties

During the year, a management charge of £2.0m (FY22: £1.1m) was received from Motorpoint Limited in respect of services rendered.

During the year, Motorpoint Limited paid interest of £0.4m (FY22: £0.2m) on behalf of the Company.

On behalf of Motorpoint Group PLC, Motorpoint Limited paid Directors' salaries and fees of £2.0m (FY22: £1.1m) during the year and has recharged this to Motorpoint Group Plc.

At the year end the balance outstanding due to Motorpoint Limited totalled £53.1m (FY22: £23.1m).

The Company grants share awards to employees of Motorpoint Limited as detailed in note 33 to the consolidated financial statements. As a result, a share based payment charge of £0.9m (FY22: £0.1m) 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 are shown below.

The APMs we use may not be directly comparable with similarly titled measures used by other companies.

## GP / adjusted overheads ratio

We also measure financial performance based on our gross profit / adjusted overheads ratio. The calculation of this measure is as follows:

	2023 £m	2022 £m
Gross profit	85.7	106.3
Adjusted overheads	(79.2)	(81.3)
Gross profit / adjusted overheads	108.2%	130.8%

In the current and prior year, adjusted overheads is equal to operating expenses as a result of there being no exceptional items.

## EBITDA

	2023 £m	2022 £m
(Loss) / profit before taxation	(0.3)	21.5
Finance expense	7.1	3.5
Depreciation	9.0	7.3
Amortisation	0.4	-
EBITDA	16.2	32.3

## 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.

	2023 £m	2022 £m
Operating profit (£m)	6.8	25.0
Average of opening and closing net assets (£m)	39.2	33.5
ROCE (%)	17.3	74.6

## Net cash / (debt) excluding lease liabilities

	2023 £m	2022 £m
Cash and cash equivalents	5.6	7.8
Bank borrowings	-	(29.0)
Net cash / (debt)	5.6	(21.2)

Term	Meaning
<b>Adjusted basic Earnings per Share</b>	Earnings attributable to equity shareholders adjusted for Exceptional items / weighted average number of ordinary shares during the year
<b>Adjusted EBITDA</b>	Earnings Before Finance Expense, Tax, Depreciation and Amortisation adjusted for Exceptional Items
<b>Adjusted diluted Earnings per Share</b>	Earnings attributable to equity shareholders adjusted for Exceptionals / weighted average number of ordinary shares during the year adjusted for dilutive share options
<b>Adjusted Operating Costs</b>	Operating Expenses before Exceptionals
<b>Adjusted Operating Profit</b>	Operating Profit before Exceptionals
<b>Adjusted Overheads</b>	Operating Expenses before Exceptionals
<b>Adjusted PBT</b>	Profit Before Tax before Exceptionals
<b>APM</b>	Alternative Performance Measure
<b>Capital Employed</b>	Average of the opening and closing position of the year for Net Assets adjusted for related party balances and legacy EBT liability
<b>DTR</b>	Disclosure Guidance and Transparency Rules
<b>EBITDA</b>	Earnings Before Finance Expense, Tax, Depreciation and Amortisation
<b>EBITDAR</b>	Earnings Before Finance Expense, Tax, Depreciation, Amortisation and Rent Costs
<b>EBT</b>	Employee Benefit Trust
<b>EPS</b>	Earnings per Share
<b>FCA</b>	Financial Conduct Authority
<b>FRC</b>	Financial Reporting Council
<b>FTE</b>	Full Time Equivalent
<b>GAAP</b>	Generally Accepted Accounting Practice
<b>GP</b>	Gross Profit
<b>GP / Adjusted Overheads</b>	Gross Profit / Operating Costs before Exceptionals
<b>HMRC</b>	HM Revenue and Customs
<b>IAS</b>	International Accounting Standards
<b>IFRS</b>	International Financial Reporting Standards
<b>IPO</b>	Initial Public Offering
<b>LIBOR</b>	London Interbank Offered Rate
<b>LTIP</b>	Long Term Incentive Plan
<b>NI</b>	National Insurance
<b>NPS</b>	Net Promoter Score
<b>OEM</b>	Original Equipment Manufacturer
<b>Operating Cash Conversion</b>	Cash generated from operations / operating profit
<b>PBT</b>	Profit Before Tax
<b>PCI</b>	Payment Card Industry
<b>PCP</b>	Personal Contract Purchase
<b>PSP</b>	Performance Share Plan
<b>PwC</b>	PricewaterhouseCoopers LLP
<b>ROCE</b>	Return On Capital Employed, being Operating Profit/Capital Employed
<b>RSA</b>	Restricted Share Award
<b>SAYE</b>	Save As You Earn
<b>SIP</b>	Share Incentive Plan
<b>Structural Debt</b>	Debt excluding stock finance facilities

# SHAREHOLDER INFORMATION & 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

PricewaterhouseCoopers LLP  
One Chamberlain Square  
Birmingham  
B3 3AX

## Legal advisers

Pinsent Masons LLP  
30 Crown Place  
London EC2A 4ES

## Registrar

Link Group  
Unit 10  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

## Financial PR

FTI Consulting  
200 Aldersgate  
Aldersgate Street  
London EC1A 4HD  
Tel: +44 203 727 1000

## Bankers

Santander UK Plc  
2 Clumber Street  
Nottingham NG1 3GA

## Financial calendar

26 July 2023	Annual General Meeting
Early October 2023	Half Year Trading Update
Late November 2023	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](mailto:enquiries@linkgroup.co.uk). Alternatively, you can access [www.signalshares.com](http://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](http://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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**Motorpoint Group PLC**

Champion House  
Stephensons Way  
Derby  
DE21 6LY