Vertu Motors plc

ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 28 February 2025

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Annual General Meeting	25 June 2025
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Performance Highlights

Operational Highlights

- Adjusted[1] profit before tax of £29.3m (FY24: £34.7m), in line with current market expectations. Profits reduced year-on-year due to a weak new car retail market in the UK and pressures arising from the Government Zero Emission Vehicle ('ZEV') mandate. The Group outperformed the UK new retail market gaining market share including Battery Electric Vehicle ('BEV') retail sales.
- £10m annualised additional cost from April 2025, arising from Autumn Budget, fully offset by cost reduction actions completed during the Year.
- Aftersales delivered a strong performance, with like-for-like revenue up 5.8% and gross profit up £12.3m in the Core Group compared to FY24.
- Used gross margin grew to 7.1% (FY24: 6.8%) in the Core Group, with margin expansion below expectations due to reduced consumer confidence.
- Significant £45.8m cash inflow from working capital delivered in second half, driving strong year-end cash position.
- Active portfolio management with disposal of £5.6m of non-core assets at aggregate £1.1m premium to book value and addition of new Chinese OEM outlets.
- Net debt[2] of £66.6m as at 28 February 2025, lower than market expectations (FY24: Net debt: £54.0m).
- Final Dividend of 1.15p per share recommended, bringing full year dividend to 2.05p per share (FY24: 2.35p).
- Net tangible assets per share of 72.9p (FY24: 70.5p).
- £4.8m returned to shareholders via repurchase of 7.5m shares during the Year.

Current Trading and Outlook Highlights

- March and April saw a significant increase in the UK new retail car market as Manufacturers rebalanced fleet and retail mix. The Group performed well, generating significantly more new car profit in the period than the prior year.
- Other aspects of the business also performed well with a high degree of operational delivery. Overall profits in March and April were ahead of prior year levels and this gives the Board confidence for the year ahead.
- The Group has undertaken a significant number of start-ups and acquisitions in recent periods which are on track to start to contribute in FY26.
- There remains considerable economic uncertainty in the UK, and the automotive sector generally, from the Government's ZEV mandate, the economic impact of the Budget and the impact on Manufacturer Partners of the recent US tariffs on US auto imports.
- The Group is well positioned with stable management and a very strong balance sheet with low gearing to take advantage of opportunities as they arise.
- A £12m share buyback programme was announced in February 2025 and to 30 April 2025, £2.2m of this programme has been utilised in the purchase of 4.2m shares, leaving £9.8m to deploy. These purchases will increase earnings per share and the Board remain committed to an ongoing buyback programme.

Performance Highlights (continued)

Financial Summary

FINANCIAL SUMMARY

Years ended 28 February	2025	2024 Restated[1]
Revenue	£4,763.9m	£4,686.3m
Adjusted[1] profit before tax	£29.3m	£34.7m
Profit before tax	£24.8m	£34.6m
Basic Adjusted[1] EPS	6.58p	7.60p
Dividends per share	2.05p	2.35p
Free Cash Flow	£37.3m	£57.0m
Net Debt[2]	£66.6m	£54.0m

[1] Adjusted to remove non-underlying items (share-based payments charges and amortisation have been included in underlying items and parts revenues on vehicle preparation excluded from external revenues in both years).
[2] Excludes lease liabilities, includes used vehicle stocking loans

At a Glance

34
FRANCHISE PARTNERS

154
UK WIDE
LOCATIONS

198 **SALES OUTLETS**

7,500
COLLEAGUES

220,735
VEHICLES SOLD

£4.8bn
REVENUES

85.8%
USED CAR CUSTOMER EXPERIENCE
(NET PROMOTOR SCORE)

85.4%
OF COLLEAGUES CONSIDER THE GROUP A GREAT PLACE TO WORK

Car

Commercial

Bikes

Group Stakeholders

Engaging with Stakeholders - section 172 statement

Positive relationships with the Group's stakeholders are key to the long-term success of the Group.

The Group engages with them to understand what matters to them and take this into account when setting strategy and also in our day-to-day business operations. Our key stakeholder groups are identified below. We have set out on these pages how the business engages with these stakeholders, the key interests raised and the outcomes of that engagement.

Colleagues

How we engage:	Key interests raised:	Outcomes of engagement:
Engagement with our colleagues takes place through face-to-face meetings including colleague forums, regular appraisals, team meetings, full team briefings and through a number of channels including our intranet, and regular blogs from the CEO. A comprehensive annual colleague satisfaction survey is undertaken to gain feedback, alongside a quarterly pulse survey. Outstanding performance is recognised through personal letters from the CEO and annual colleague awards.	• Pay and benefits • Communication • Wellbeing • Training and development • Colleague recognition • Business performance • Community involvement and fundraising	• Ensuring the safety and wellbeing of all colleagues • Pay and reward review, and amended working patterns delivered through Sunday closure • Regular video communication to all colleagues • Regular Dealership colleague engagement meetings • Colleague meetings with the director for colleague engagement (P Best) • Local and divisional colleague satisfaction action plans

Customers

How we engage:	Key interests raised:	Outcomes of engagement:
Customer satisfaction surveys are regularly undertaken through both the Group's Manufacturer partners and via Judge service reviews. The Group has a dedicated customer services team. We also communicate via social media and regular blogs.	• Service delivery • Ability to self-serve online • Product knowledge including electric vehicles and alternative fuels • Access to local service • Value for money • Community involvement	• Website and email communications to customers on the Group's database • Improved sales process giving customers more control over their chosen sales journey • 14-day money back guarantee • Consistency of part exchange and sell your car valuation

Engaging with Stakeholders - section 172 statement (continued)

Investors

How we engage:	Key interests raised:	Outcomes of engagement:
The Executive Directors meet regularly (in person or via conference call) with existing and potential investors. Webcasts and events also take place throughout the year. Additional meetings were held following the trading update issued in February 2025.	• Financial performance • Capital allocation • Execution of strategy • Competition • Sustainability & ESG	• Meetings held throughout the year • £12m share buy-back programme announced for FY26 • Results webcast for retail investors

Manufacturer Partners

How we engage:	Key interests raised:	Outcomes of engagement:
Group management is organised along franchise lines to ensure sufficient knowledge and aid communication. Regular meetings occur with Manufacturer management. The Group is represented on the dealer franchise boards.	• Customer satisfaction • Financial performance • Volume of vehicles sold • Quality of premises and compliance with standards • Portfolio management and representation	• Execution of franchise developments including multi-franchising • Delivery of the changes to distribution models in certain franchises • Agreement of volume targets • Investment in premises • New partners secured

Suppliers

How we engage:	Key interests raised:	Outcomes of engagement:
We look to secure excellent value for money, whilst minimising risk in our supply chain. Our purchasing team hosts events, including supplier conferences, and ensures a positive two-way communication process with Group suppliers. Key suppliers sponsor and attend the Group's annual colleague awards ceremony.	• Group strategy • Collaborative working • Integration of systems	• Cost reductions through contract revisions

Group Stakeholders (continued)

Engaging with Stakeholders - section 172 statement (continued)

Finance Providers

How we engage:

Access to finance is essential for the Group to execute its strategy as well as providing customers with the ability to finance vehicle purchases. We work together with our financial partners to ensure our customers have access to finance to purchase their vehicles.

Key interests raised:

- Customer satisfaction
- Acquisition financing
- Financial performance
- Compliance with regulations
- Behaviour of the credit book
- Finance penetration achieved

Outcomes of engagement:

- Renewal of annual facilities
- Continued review of retail finance arrangements in response to changes in base rates
- Embedding Consumer Duty
- Assisting with finance provider responses to commission disclosure FCA investigation

Communities

How we engage:

We are proud to give something back to the communities local to our dealerships. We provide regular community updates via social media, participate in volunteering and fundraising initiatives, sponsor local sports teams and participate in a scheme to connect schools with inspiring and influential people.

Key interests raised:

- Funding of local projects
- Local sponsorship
- Local operational issues
- Education and employment

Outcomes of engagement:

- Engagement with schools
- 'Food Drive' event to support Scotland food banks held February 2025
- Investment in apprenticeship programme to provide youth employment opportunities
- Ongoing and new sponsorship programmes benefiting communities local to the Group's operations
- 'Driving Sustainability' programme

Group Stakeholders (continued)

Engaging with Stakeholders - section 172 statement (continued)

Government and Regulators

How we engage:	Key interests raised:	Outcomes of engagement:
The Group maintains regular contact with Government and regulatory stakeholders and is a member of expert working groups	• Marketing and Communication • Health and Safety • MOT compliance • Compliance with laws and regulations • Fair treatment of customers	• Donations to other community initiatives • Input to and member of industry working groups • Response to FCA on their sector review on commission disclosure • Implementation of new FCA Consumer Duty

Environmental Agencies

How we engage:	Key interests raised:	Outcomes of engagement:
The Group engages with the Energy Savings Opportunity Scheme (ESOS) and follows the environmental reporting guidelines including streamlined energy and carbon reporting (SECR) Group Suppliers are vetted to ensure compliance with disposal legislation regarding hazardous and general waste. Colleagues are encouraged to save resources through the Group's 'War on Waste; programme,	• Renewable energy • Waste reduction and recycling • Building/construction • BEV sales • Reduction in key resources used	• 100% renewable energy in the Core Group • 8% self-generated electricity • BEV sales growth in excess of retail market • 71% of waste recycled on site • 2% reduction in electricity usage • 4.2% reduction in gas usage • Print volumes reduced by 16% in the Core Group

During the year, the Directors have acted to promote the success of the Company for the benefit of shareholders while having regard to the following matters:

- Likely long-term consequences
- Interests of the Group's colleagues
- Business relationships with suppliers and customers
- Impact on the community and environment
- Reputation for high standards of business conduct
- Acting fairly between stakeholder

Chairman's Statement

The Group once again showed its adaptability and high levels of operational excellence during the year ended 28 February 2025, in the face of unprecedented market conditions in the new car market. Adjusted[3] profit before tax of £29.3m was in line with the reduced market expectations following the Group's trading update in February. This set out how the UK new car market for retail sales in 2024 was the lowest for 25 years and the Government's ZEV mandate, to force the adoption of battery electric vehicles, had seriously impacted Manufacturer and retailer volumes and profits in the new car channel. Additionally, consumer and business confidence in the UK was impacted by the Government's Autumn Budget and consequent proposed tax rises. The Group reacted to these effects by outselling the market trends in battery electric vehicles (BEV) and delivering a cost reduction programme to aid future profitability and cashflow generation. The business focused on what it could control.

There were several noteworthy highlights:

- The Group has delivered on its growth objective, through both acquisition and new outlets opening in the Year. This has included the introduction of new Manufacturer relationships including with Chinese manufacturer, BYD. Further expansion with new entrant Chinese Manufacturers is currently under consideration, given the substantial increase in market share these Manufacturers are likely to take in the coming years. The Board is focused on what is likely to be a major transition in market share in the future.
- The Burrows acquisition in October of nine outlets increased the Group's partnership with Toyota. Burrows has been fully integrated and has performed well since acquisition.
- The Board has taken steps to fully mitigate the impact of rising costs announced in the Autumn Budget such as the National Minimum Wage and Employers' National Insurance. This was a significant project, which included innovative thinking to reduce costs, such as, the cessation of Sunday opening in sales, use of technology to increase efficiency, headcount reductions and dealership closures where required return hurdle rates were not being met. Efficiency and cost control initiatives to remain a core competency of management and further initiatives are planned.
- All the Group's sales outlets now operate under a single brand, Vertu, except the Ferrari business. This transition was well received by Manufacturers and customers and will yield immediate marketing efficiencies as well as delivering other operational benefits, helping to mitigate continued cost pressure in other areas.
- The Group's scale supports investment in the in-house development of systems, enhancing customer and colleague experiences while driving cost efficiencies. These scalable platforms are rapidly integrated into acquired dealerships, and efforts continue to optimise Group-wide efficiency through technology. Completion of the rollout of an in-house deferred payment service, 'Pay Later', has improved conversion rates within the Group's service operations and helped to grow aftersales revenues. The development of an Internal Auction has aided used vehicle sales through retention of more used vehicles for sale within the Group. This is essential in a supply constrained environment for used cars. The launch of Vertu Transfer System, automating vehicle transfer administration and payment, also produced substantial efficiency gains. There is a significant pipeline of projects underway to deliver further efficiency gains.

Capital allocation is critical to the long-term success of the Group and ensuring appropriate returns to shareholders. It is at the top of the Board's agenda. Since the Group began Share Buybacks in October 2018 to 30 April 2025, £37.4m has been returned to shareholders, reducing the Company's shares in issue by 17.6% over the same period. £4.8m was returned in FY25. In February 2025, the Group announced a significant £12.0m Share Buyback programme to be spent over the period to 28 February 2026. In the period to 30 April 2025, £2.2m has been spent to purchase 4.2m shares for cancellation with £9.8m remaining unspent at 30 April 2025. The Board will not hesitate to increase this authority as appropriate.

Chairman's Statement (continued)

The board welcomed Amanda Cox as a non-executive director in January 2025. Her substantial retail experience at Dunelm and Asda makes her very beneficial to the Board and will add considerable value. At the end of May, Pauline Best will retire after nine years on the Board. Pauline has been an incredible non-executive director and will be missed. Amanda will take over as head of the remuneration committee. The Board has an excellent range of skills and talents to help the Group navigate a period of considerable change in the UK automotive sector. David Gillard will assume the role of senior independent director at the end of May 2025.

It is a strength that the three executive directors have been with the Group since its inception in 2006 providing industry expertise, stability and a formidable track record.

It's rewarding to see how each of the over 7,500 colleagues in the Group has contributed to the success and growth of the business, and I would like to thank them for their efforts. The dedication they continue to demonstrate is both exemplary and humbling.

Andy Goss, Chairman

[3] Adjusted to remove non-underlying items

Group Strategy

Purpose and Mission

The Group's purpose is to deliver customers individualised mobility products with integrity, innovation, and excellence.

Culture and Values

PASSION | RESPECT | PROFESSIONALISM | INTEGRITY | RECOGNITION
OPPORTUNITY | COMMITMENT

The Group is a values driven organisation, with these values aligned to the delivery of customer and colleague satisfaction and so to the Group's purpose and mission. The executive board set the 'tone from the top' in terms of the values, ensuring that all management colleagues receive training on employment or promotion setting out the values and expectations. Application of this culture is assessed annually through colleague satisfaction surveys which include questions regarding the Values. 70% of the Group's colleagues participated in the survey conducted in October 2024. 98.6% of respondents confirmed that they knew the 'Vertu Values' and 94.1% confirmed that the believed that their line-manager acted in accordance with these values.

Strategic Goals

The aim for every dealership to be the best retailer in their respective town or city	**To deliver an outstanding customer motoring experience through honesty and trust**	Vertu Motors plc to be the most admired and respected dealer group in the automotive industry

Growth

To grow as a major scaled franchised dealership group and to develop our portfolio of Manufacturer partners, whilst being mindful of industry development trends, to maximise returns

Digitalisation – cohesive "bricks and clicks" strategy

- Omni-channel development
- Digitalise aftersales process
- Reduce cost base and deliver efficiency through use of systems
- Utilise data driven decision making to deliver enhanced returns

Colleague and Customer focus

To develop and motivate the Group's colleagues to ensure consistency of operational excellence and delivery to customers across the business

Ancillary business

To develop ancillary businesses to add revenue and returns which complement the core business

Sustainability Goals



Work with our Manufacturer partners to provide increasingly sustainable choices for customers	Reduce the environmental Impact of our business	Care for our colleagues and support our communities

Group Strategy (continued)

In March 2025, the Group reached a significant milestone, marking 18 years of trading. From its origins as a cash shell, the Group made its first acquisition in March 2007 with the purchase of Bristol Street Group Limited. Since then, it has expanded from 35 to 198 sales outlets, while its workforce has grown from 1,700 to over 7,500 employees. Over the same period, revenues have increased from £0.6 billion in 2006 to £4.8 billion, establishing the Group as one of the UK's six automotive retail 'supergroups', each generating over £4.0 billion in annual turnover.

As one of these 'supergroups', the Group, along with its Manufacturer Partners, are often perceived as 'capable' of absorbing the rising costs of excessive regulation and government-imposed financial burdens. However, FY25 brought significant profitability challenges in the new car market. The principal issue was the impact on the Manufacturers, and the wider market, of seeking to meet overly ambitious Government targets for Battery Electric Vehicle (BEV) sales under the ZEV mandate. The threat of fines led to a push of BEV product at significant discounts, a push of volume into the fleet channel and curtailment of new petrol and diesel vehicle supply. Registrations of higher margin new retail vehicles in the UK dropped to the lowest level for 25 years (below that of the Covid year in 2020). These challenges significantly reduced the Group's profitability in the new vehicle channel.

Further compounding these difficulties, the Autumn Budget introduced substantial cost increases that will impact FY26. Recognising that absorbing these costs was not tenable, given the pressures described above, the Group took decisive action to mitigate their effects. A cost reduction programme was initiated and completed by the end of February 2025 which more than offset the £10m impact of the Autumn Budget. While a significant proportion of the headcount reduction was achieved without resorting to redundancies, total costs of restructuring of £4.2m have been included in the FY25 results and treated as a non-underlying item. This also includes the costs associated with the rebranding of the Group and two dealership closures where returns were not acceptable. Offsetting the cash cost of restructuring was the release of working capital from two closed sites and the swift freehold disposal of a dealership closed in Dorchester in November 2024 and disposed of in March 2025 for £1.25m. This is an excellent example of the recycling of capital from low return operations for reinvestment elsewhere.

The Group has unified its retail brands under a single identity: Vertu. This decision followed detailed planning and reflected a forward-looking and strategic approach to brand consolidation. On 2 April 2025, all Bristol Street Motors dealerships were transitioned to the Vertu name. This followed a similar move in January 2025, when Macklin Motors outlets in Scotland also adopted the Vertu brand. The consolidation aligns the Group's retail presence under one brand, better suited to the future UK automotive landscape. It enables significant marketing efficiencies, enhances brand visibility nationwide, and improves return on investment. For example, a recent UK-wide Vertu TV campaign supported all 198 outlets across the country. The Group now operates a single car, van, and bike website for the first time, with a new, in-house developed platform launching over the next 12 months. These changes are expected to drive stronger market awareness at a lower cost, with annualised marketing savings of £5.0m projected in the medium term.

Throughout its history, the Group has successfully navigated numerous challenges, including the global financial crisis, Brexit, a pandemic, a war and its supply chain disruptions, the shift in automotive powertrains, and broader economic fluctuations. Despite these hurdles, the business has demonstrated remarkable resilience and continues to develop significant competitive advantages; namely

- **National network**
  The Group operates franchised dealerships from a physical network of 154 locations, from as far north as Dunfermline in Fife, Scotland, down to Orpington in the South East and Truro in the South West of England. The Group has a unique and wide portfolio of Manufacturers from Dacia to Ferrari and is a significant player in cars, motorcycles and commercial vehicles.

Group Strategy (continued)

- **Strong Manufacturer relationships**
  Operational delivery and strong mutual respect have generated good relationships with the Group's chosen Manufacturer partners. Such relationships are key to the delivery of future scale and attractive returns.

- **In-House systems**
  The Group has developed in-house bespoke and proprietary systems, including our showroom sales process system, integrated websites and excellent management information systems providing data in real time enhancing commercial decision-making.

- **Stable committed management team**
  The stable senior management team have a wealth of sector expertise and the Group has a focus on growing its 'Next Generation' of senior leaders to assure the continued and sustainable delivery of the Group's strategic goals in the long-term.

- **Customer base**
  The Group's two million strong customer base enables the Group to focus on retention in sales and service and the further development of ancillary services such as retail cosmetic repair operations, driving higher returns on capital.

- **Resilient aftersales operations**
  The Group has a well-established and growing aftersales business. Customer retention initiatives, such as over 160,000 live service plans, the full roll out of the Group's Pay Later product in FY25, together with focus on the delivery of high levels of customer service aid the resilience and growth of this high margin business.

- **Balance sheet**
  Significant property backing, low levels of net debt and strong cash generation enable the Group to continue to deliver on its strategic goals and reward shareholders.

- **Values-based Group**
  Strong values-based culture and commitment to customer service with the Mission 'to deliver an outstanding customer motoring experience through honesty and trust'. This culture has resulted in very high levels of colleague satisfaction.

Strategy Summary

The Group's key long-term strategic goal remains: To deliver growing, sustainable cashflows from operational excellence in the automotive retail sector. The strategic objectives of the Group, are summarised below:

- To grow as a major scaled franchised dealership group and to develop our portfolio of Manufacturer partners, while being mindful of industry development trends, to maximise long-run return.
- To be at the forefront of digitalisation in the sector, delivering a cohesive 'bricks and clicks' strategy, together with a focus on cost optimisation and efficiency:
  - Optimise our omnichannel retail offering and promote our brand to drive enquiry levels.
  - Digitalise aftersales processes to improve customer service and productivity.
  - Reduce the cost base of the Group by delivering efficiency using technology including AI.
  - Utilise data driven decision making to generate enhanced returns.
- To develop and motivate the Group's colleagues to ensure operational excellence is delivered constantly across the business.

Group Strategy (continued)

Execution of Group Strategy

The following section is an update of the Group's delivery towards its strategic goals:

Developing the scale of the Group

The Group has an excellent platform allowing it to capitalise on growth opportunities and deliver scale benefits since it is one of the six 'supergroups' in the UK, each with revenues in excess of £4 billion. The franchised retail market in the UK remains very fragmented with the Group representing just 5% of the sector. The following changes to the scale of the Group have been delivered since 1 March 2024:

Acquisitions

On 29 October 2024 the Group acquired the entire issued share capital of Burrows Motor Company Limited ('Burrows'), a family-owned dealership group operating five Toyota dealerships, two Mazda dealerships and one Kia dealership. Consideration, net of cash acquired, was £11.9m with £1.0m of this deferred for 12 months. Total consideration included freehold properties with a valuation of £17.1m and a payment in respect of goodwill of £4.0m. The acquisition was funded from the Group's existing borrowing facilities and cash resources. Additionally, the Group assumed £7.1m of freehold property backed mortgage funding and £3.5m of used vehicle funding, the latter of which was fully repaid following acquisition, each provided by Toyota Financial Services. The acquisition significantly increased Vertu's brand presence in Yorkshire and Nottinghamshire. The business has been fully integrated on to the Group's systems and processes and has performed well since acquisition.

On 22 July 2024, the Group purchased the trade and assets of a Honda dealership in Exeter from Hendy Group Limited. The acquisition, which included leasehold dealership premises, was completed for total consideration of £1.0m funded from the Group's existing cash resources. This acquisition reinforced the Group's position as Europe's largest Honda retailer, now representing a total of 17 Honda dealerships across the UK. The Exeter dealership complements the Group's existing Honda dealerships in Plymouth and Truro, establishing a comprehensive market area for the brand across Devon and Cornwall.

Following the financial year-end, on 1 March 2025, the Group acquired The Union Motor Company Limited, an authorised repairer for London Electric Vehicle Company (LEVC) based in Edinburgh. The estimated consideration for this acquisition was £0.4m (net of cash acquired), subject to finalisation of completion accounts, including a £0.5m payment in respect of goodwill. This acquisition aligns with the Group's strategy to grow its ancillary businesses reinforcing its Taxi Centre operations. Taxi Centre operates the LEVC sales franchise in Scotland and this transaction now means the Group provides a unified sales and aftersales service in Scotland.

Multi-franchising and new outlets

It is important that the Group's Manufacturer portfolio is optimised to ensure that changes in market shares and success over time of Manufacturers are addressed by the Group in sensible, long run portfolio changes. The Group has successfully utilised multi-franchising to drive increased sales and aftersales activity through a physical location to increase profits and resilience.

The Group is currently focused on ensuring that it will have the right level of Chinese Manufacturer exposure as new entrant brands get established and take market share in the UK. The UK is unique of the major Western economies in not having substantial tariffs on Chinese built product and, therefore, is expected to see shifts in future manufacturer market shares as a result, with significant Chinese growth expected. The Group's actions in this area are clearly set out below and other opportunities with brands the Group does not currently represent are ongoing.

The Group has commenced its presence with the Chinese brand BYD during the Year and early indications of market share growth are excellent. In August 2024, the first BYD outlet opened in Worcester alongside the existing Ford and Citroën dealerships. A second BYD outlet followed in Gloucester in February 2025, complementing the existing Ford sales site. Further opportunities with the BYD franchise for the Group are currently under active consideration.

Group Strategy (continued)

Execution of Group Strategy (continued)

Developing the scale of the Group (continued)

Additionally, in February 2025, the Group opened a second Smart (a joint venture between Mercedes-Benz and Geely) outlet in Reading, co-located with the existing Mercedes-Benz business.

Other franchising activities are set out below:

- In August 2024, the Group introduced a flagship Ducati motorbike outlet in Sunderland, marking the first time the franchise has been part of the Group's portfolio.
- September 2024 saw the opening of a newly developed Toyota dealership in Ayr, completing the West of Scotland market area awarded to the Group in FY23. With this new dealership opening and the acquisition of Burrows, the Group now operates 11 Toyota outlets across the UK and is now a very significant partner for the brand.
- Continuing its national expansion, the Group redeveloped two locations acquired as part of the Rowes Garage Limited acquisition back in October 2023, introducing new franchises. In March 2025, the Group opened a Volvo dealership in Plymouth, repurposing a former Honda site. Volvo have not been represented in the city for over 17 years. The Group now represents the Volvo brand exclusively from Cornwall through to Somerset.
- Meanwhile, in August 2024, a Renault and Dacia outlet was established in Plymouth in the former used car sales location. To further strengthen the Group's Renault presence in Plymouth, a Renault LCV dealership was launched in February 2025 in newly leased premises. This outlet complements Group representation for Renault and Dacia in Exeter creating a market area.
- Further developments in March 2025 saw the opening of a Volvo dealership in Yeovil within newly leased premises. This allowed the sale of the previous freehold location for the Volvo brand held by the Group in Yeovil for £2.35m which was realised in December 2024.

Active Portfolio Management

The Board remains actively engaged in the management of the Group's portfolio of properties and businesses, continuously assessing growth opportunities and the long-term potential of existing businesses. Investment decisions are guided by strict return metrics to ensure disciplined capital allocation.

Following a strategic review of returns, the Group decided to exit two businesses. In early 2025, the Group closed outlets in Dorchester and Barnstable, both of which operated approved used vehicle sales and served as authorised repairers for the BMW and MINI brands. These dealerships operated from freehold premises, which have been reclassified as surplus properties held for sale at 28 February 2025. As noted above, the Dorchester property was sold in March 2025 for £1.25m representing a swift realisation of capital. The Barnstaple property is also under offer and its disposal is anticipated in the first half of FY26.

Additionally, the Group agreed to discontinue the Peugeot franchise from its Edinburgh dealership in May 2025; the location will continue to operate the MG and Kia brands. This decision is expected to simplify operations and improve overall site performance.

As previously announced, the Jaguar Re-imagine strategy, which reduced the number of UK wide Jaguar sales outlets, has concluded during the Year. Consequently, the Group ceased the sale of new Jaguar vehicles from its Bolton and Exeter dealerships in November 2024 with these locations continuing to represent the Land Rover brand. The Group now has one Jaguar sales outlet in Leeds.

Group Strategy (continued)

Execution of Group Strategy (continued)

Developing the scale of the Group (continued)

Active Portfolio Management (continued)

The Group has also maintained its focus on the generation of cash through the sale of surplus properties. Four of the five properties held for sale on 1 March 2024 have been sold in the financial year generating total proceeds of £5.6m and a £1.1m profit on disposal. The Group currently holds five additional surplus properties for resale, with a net book value of £7.9m. Disposal of these properties is anticipated with the next 18 months, and indeed one of these five properties was sold on 31 March 2025 for £1.25m.

Digitalisation Developments

The Group's scale enables it to invest in systems and operational development, enhancing its customer offerings and boosting profitability by maximising margins and increasing productivity to lower costs.

The following highlights some of the key digitalisation milestones delivered in FY25:

- **Adapting to evolving consumer behaviour**

  The modern car buyer seeks to combine online and offline aspects in their car buying journey. The Group's omni-channel strategy focuses on reducing online friction while keeping in-person options available. Test drives remain a critical part of the buying process. Further developments have been made in the Year, with the Group now operating a single website under the Vertu brand. This will be re-engineered in-house over the next 12 months to enhance the customer journey and search engine optimisation, as well as increasing efficiency in maintenance.

- **Customer Data Platform (CDP)**

  In December 2024, the Group launched a new Customer Data Platform ('CDP') integrated seamlessly with our cloud data warehouse. The CDP provides self-serve data to the Group's marketing team, improving offer personalisation and agility whilst optimising marketing spend. Use cases are being developed and significant benefits are anticipated to arise in the coming year above those already delivered.

  Initial use cases deployed to date have included enhanced Pay Per Click ('PPC') efficiency by suppressing adverts for customers who had purchased a vehicle in the last 90 days, resulting in savings of up to 3% on previous spend levels. Additionally, the CDP has been used to retarget customers who abandoned online service bookings, driving increased aftersales revenue.

- **Group Internal Auction**

  The UK used vehicle market continues to face supply challenges, with around 2 million fewer new vehicle registrations between 2020 and 2022 causing shortages of used cars. Higher trade prices, along with increased competition from digital remarketing platforms have driven a greater focus on the retention of used vehicle stock bought in part-exchange within the Group's dealership network rather than sending to auction.

  The Group enhanced its internal auction functionality in FY25, making it easier to retain and redistribute vehicles within our dealership network. This initiative kept over 3,400 vehicles within the Group.

- **Efficiency in administrative and financial processing**

  The Group has continued to invest in finance process improvements to enhance efficiency. Vertu Transfer System (VTS) was launched in September 2024. VTS automates used vehicle transfers without requiring manual input from either the administration, sales or accounting teams. It also enables near real-time cash movement between Group bank accounts, removing manual payment processing. From launch to the end of FY25, 6,427 vehicles have been automatically transferred, with these transactions worth £103m.

Group Strategy (continued)

Digitalisation Developments (continued)

- **Efficiency in administrative and financial processing (continued)**

In FY25 a full modernisation programme of payment processing across the Group's sales and aftersales functions commenced. Customer payment choices have been extended to include Apple Pay, Google Pay, and Amazon Pay, along with the option of use of Open Banking for direct bank payments, improving choice and convenience for customers, whilst reducing merchant fees for the Group. "Pay-by-Link" has also been introduced with full rollout to be completed across the Group in May 2025. This includes functionality to automatically process payments received against associated invoices eradicating administrative processing.

In FY26, this technology will be expanded to automate invoicing for cosmetic repairs completed by the Group's Vertu Cosmetic Repair operations, a source of significant manual processing. The Group also plans to apply invoice process automation and robotic processing to other key areas, including parts transfers and purchase ledger processing, to aid productivity and further reduce cost.

Recruiting, Retaining, Engaging and Developing Colleagues

The Group prioritises the recruitment, development and motivation of talented colleagues to ensure the delivery of operational excellence and outstanding customer experiences. It focuses heavily on the engagement of colleagues to ensure that individuals have a voice and can contribute positively towards decisions that impact their role and the operations and culture of the wider Group. The Group currently has a great place to work score of 85.4% reflecting the colleague sentiment in this area and maintaining our year-on-year result above the Group's Vision of 85%.

In common with other retailers, customer experience and sales productivity has long been tempered by high turnover of sales teams. Reducing sales colleague turnover is a key priority, along with increasing sales volumes per sales executive. Several initiatives have been adopted to achieve this goal:

- New, inexperienced sales recruits have a pay structure with higher basic pay until they are established in their roles.
- The vast majority of Group dealerships are now closed on Sundays, so ensuring a more attractive work-life balance and ensuring management cover is increased when open.
- Extensive training is undertaken to ensure the Group's sales colleagues are the best trained in the sector as confirmed by the Group's excellent customer experience and mystery shop scores.
- The 'Elite Sales Guild' was created in 2024 whereby the top 50 sales executives in terms of sales volume and customer experience measures receive additional training and recognition reflecting their importance to the Group.

The Group remains committed to extensive investment in the development of all colleagues to provide opportunity to those who are talented and driven to succeed. Programmes include substantial Technician Apprentice schemes, our Evolution internal development programmes for non-managers, our partnership with Dale Carnegie to deliver leadership training programmes to all managers and our considerable internally delivered role specific training programmes. We are well invested in the delivery of online training for colleagues and are developing a range of AI-led training programmes to amplify the Group's training capacity and deliver specific training and support to colleagues at the precise point they need in an effective and cost-efficient manner. These programmes are critical to delivering a business which is meritocratic and full of opportunity for colleagues and ensure our workforce is ready to handle changes in technology and customer requirements.

The Group has successfully partnered with Northumbria University to bring school leavers into operational roles, with the Group funding a degree apprenticeship in Business Management. An excellent pipeline of gender balanced talent is evident from this programme and a further cohort will commence in late summer.

Group Strategy (continued)

Sector Trends

The automotive sector, both internationally and in the UK, is undergoing major structural changes as a result of a number of critical trends. Four key themes are identified and discussed below:

1. Electrification

Successive UK Governments have implemented an aggressive timetable for the adoption of BEV vehicles and the phasing out of petrol and diesel vehicles, compared to the US and the rest of Europe. For example, the ZEV mandate which sets BEV targets as a percentage of total sales each year ramps up from 22% in 2024 to 80% in 2030. Vans are also subject to a similar targeting system but at a lower rate of growth.

The industry in the UK did not deliver the 22% BEV target in 2024 and is very unlikely to hit the higher 28% target in 2025. There are certain complex flexibilities that Manufacturers can use to reduce fines. However, the regime led to considerable dislocation in the market in 2024 with the Manufacturers reportedly discounting BEV product by over £4.5 billion (source: SMMT) and utilising the lower margin fleet and Motability channels to increase BEV sales volumes. Retail demand for BEV product remains far below the target levels, as does the significant daily rental channel. To reduce fine exposure, profitable non-BEV product has been restricted in the UK market. The UK retail market in 2024 consequently was the lowest for 25 years, including the 2020 Covid year.

As a result of industry pressure, in late 2024 the Government commenced a consultation process with the results announced on 7 April 2025. The targets remain unchanged, however, hybrid vehicles are now able to be sold beyond the ban on new petrol and diesel sales in 2030. Greater flexibility was introduced to avoid fines, and the penalties reduced from £15,000 to £12,000 per excess non BEV vehicle sold. Whilst this movement is welcome, the pressure of the ZEV mandate looks set to continue to weigh on the sector.

2. Chinese Entrants

A key debate in the transition to zero-emission vehicles (ZEVs) is the extent to which Chinese battery electric vehicle (BEV) manufacturers will be used to accelerate adoption and help achieve the UK's ZEV mandate targets.

MG, SMART and LEVC have established themselves in the sector for several years and are represented by the Group. In 2024, two Chinese automakers, BYD and GWM ORA, entered the UK market. By 2025, new entrants have grown to six, with Omoda, Jaecoo, Leapmotor, and Xpeng joining the original two, with more expected to follow later this year. As Chinese vehicle production now significantly exceeds domestic demand, and the US is protected by huge tariffs introduced by President Biden, Manufacturers are increasingly focusing on exports elsewhere. The UK, as the world's third-largest BEV market and one of the major economies without tariffs on Chinese EV imports, presents a highly attractive opportunity. The cars are well designed and have excellent technology, both in terms of connected car capability and battery technology. In addition, many Chinese Manufacturers are selling both pure BEV and the more popular hybrid vehicles.

The Chinese brands are quickly gaining market share and appear to be driving a decline in traditional manufacturer brand loyalty. The Group has responded to this trend by increasing the number of outlets of Chinese brands in the Year and this trend will continue. As these brands are immature from an aftersales perspective, earnings and returns will take several years to develop to normalised rates as the vehicle parc is built up through sales.

3. Tariffs

The US has recently imposed a 25% global tariff on imports of cars. The impact of this on the UK market is not entirely clear.

Group Strategy (continued)

Sector Trends (continued)

3. Tariffs (continued)

- Manufacturer partners of the Group which have a strong presence in the US market are vulnerable to the new 25% import tariffs due to the impact on volumes and margins. This may impact their financial success and therefore their ability to support UK volumes and retailers. The automotive industry is already under pressure and the move by the US does not help an already stretched global sector.

- Global motor Manufacturers may seek to move volumes away from the US to other markets in the world such as the UK. This may lead to a higher new car market in the UK going forward, but with pressure on margins.

4. Financial Conduct Authority (FCA) & High Court ruling on commission disclosure

In April 2025 the Supreme Court heard an appeal against a Court of Appeal ruling in October 2024 which caused stakeholders considerable unease and concern around historic finance commissions in the sector. The Court of Appeal ruled that lenders and credit brokers are liable to customers where the disclosure of commission was insufficient to obtain the customer's informed consent and that a fiduciary duty was held to exist between the credit broker (motor retailer) and the customer. This result was unexpected. The Group moved to full disclosure of any applicable finance commission to customers immediately following the Court of Appeal ruling. The Group's finance penetration and earnings have not been impacted by this disclosure, with no change in consumer behaviour evident. The Supreme Court is expected to report its findings in July 2025 and this will be of interest not only to the automotive sector, but the Treasury and other regulators who have expressed considerable concern about a negative outcome.

The Financial Conduct Authority (FCA) is investigating Discretionary Commission Arrangements (DCAs) within automotive finance. Preliminary findings from the FCA review suggest that motor finance providers, and motor finance credit brokers (including motor retailers) who have engaged in motor finance agreements involving DCAs could be impacted. The Group ceased sales involving DCAs in January 2021. The FCA have indicated that an update on this investigation will be given following the decision of the Supreme Court.

The Board does not currently consider that provisions are required to be made in respect of any exposures in this area and will update shareholders as the position becomes clearer.

Current trading and outlook

- **March and April 2025 Trading (the 'Period')**

The Board is pleased to report a strong trading performance for the Group during the important first two months of the new financial year. Trading profit in March and April 2025 was ahead of prior year levels.

Registrations in the UK new car private market grew by 8.2% in the Period, driven by a strong March performance which saw 14.5% growth. March is normally the highest volume new vehicle month due to the plate change. The strong growth may partly be explained by vehicle excise duty changes which came into effect on 1 April with customers buying early to avoid the charges and vehicles being registered in advance of this change. April retail registrations, in contrast, were more muted being back 7.9% compared to last year.

Against this backdrop, in March and April the Group's retail new vehicle volumes grew 9.0% on a like-for-like basis, outperforming the market and resulting in a share increase of the new retail market to 5.3% (up from 4.9% in the prior year). This share gain was also aided by acquisitions. The decline in overall Motability registrations seen in the second half of FY25 continued, with Group like-for-like volumes declining by 22.3%, compared to a UK market decline of 16.7%. Gross profit per unit for new retail and Motability vehicles in the Core Group was £2,129, slightly above prior year, with gross margin of 8.1% (FY24: 8.0%). Margins would be expected to grow with higher retail versus Motability mix. The Group did see weaker year-on-year retail margins in certain premium franchises. Core Group profit from new vehicle retail and Motability sales was £0.4m below prior year levels in the Period due to the lower Motability volumes.

Current trading and outlook (continued)

- **March and April 2025 Trading (the 'Period') (continued)**

The Group's Fleet car department delivered increased volumes of vehicle sales, rising 12.4% in the Period. This volume growth was broadly in line with SMMT trends which showed a 12.5% growth in UK Fleet car registrations in the Period. Commercial vehicle sales in the Core Group declined 1.0% whilst the UK light commercial vehicle market saw a much more significant 6.8% decline in van registrations in the Period. The Group took market share as a result. Core Group gross profit in the fleet and commercial department was at £0.1m below the prior year in the Period.

The UK used vehicle market remained stable in the Period, with consistent consumer demand and pricing. The Group saw a small 0.5% decline in like-for-like used car volumes. It is likely some buyers of nearly new product switched into new car sales due to the enhanced consumer offers from Manufacturers. Core Group used vehicle gross margin improved slightly, by 0.1 percentage points to 7.8%, despite an increase in average selling prices of over £500 per unit. The Group was successful in managing inventory tightly and maximising margin due to high stock turn. As a result, gross profit from used vehicles was £0.9m ahead of the same period last year.

All aftersales channels saw like-for-like gross profit improvement year-on-year. Core Group service revenues rose 6.1%, with enhanced margins, reflecting enhanced customer retention, good technician availability and operational execution. Core Group gross profit from aftersales consequently increased by £2.1m on prior year levels.

Core Group operating expenses were broadly level with the prior period, with the cost savings delivered by the restructuring programme in FY25 offsetting the headwinds of increased company NIC and minimum wage (which both commenced in April).

- **Outlook**

The Board is encouraged by the Group's strong start to FY26, which supports confidence in delivering market expectations for the financial year.

The SMMT has recently increased its 2025 UK registration forecast to 1.964 million units with anticipated BEV share at 23.5% (Target 28%). Year-to-date BEV market share through April 2025 stands at 20.7%. Weak retail demand for BEVs continues to present a challenge to Manufacturers and the UK new car market is expected to remain volatile as a result. There is expected to be a rebalancing of volume towards retail channels as opposed to fleet and Motability volumes. Despite this, fleet channels are expected to remain robust, supported by fiscal incentives and the need to grow BEV penetration outside the more resistant retail sector. Supply levels of BEV product are likely to exceed natural demand.

Group aftersales performance remains well-positioned, driven by continued focus on customer retention, conversion of identified work and improved technician availability.

The used vehicle market is expected to remain broadly resilient, with supply constrained and consistent demand levels anticipated. As BEV supply into the used car market increases, there is the potential for residual value weakness, albeit BEVs remain a small part of the overall used car market.

The Group anticipates newly started businesses and acquisitions in FY25 to generate an improved financial performance in FY26.

The Group remains focused on operational excellence, with particular emphasis on cost management (with a pipeline of projects underway to deliver further savings), sales conversion efficiency and delivering high levels of customer experience.

The Board remains committed to delivering shareholder value through organic growth, acquisitions and its share buyback programme.

Robert Forrester, CEO

Key Performance Indicators

The Group has a number of Key Performance Indicators ("KPIs") by which it monitors its business. These include analysis of results by channel; as set out on page 22-32, together with the below:

	KPI	Definition	Performance	Risk Factor Link
Financial KPIs	Underlying EPS	Underlying profit after tax divided by weighted average number of shares (note 13)	FY25 – Underlying EPS of 6.58p FY24 – Underlying EPS of 7.60p	1 2 3 4 5 6 7 8 9 10 11 12 13 14
	Underlying PBT	Profit before tax and non-underlying items	FY25 – Underlying PBT £29.3m FY24 – Underlying PBT £34.7m	1 2 3 4 5 6 7 8 9 10 11 12 13 14
	Gross Margin by channel	Gross profit divided by revenue by channel	See page 23	2 3 4 5 6 9 14

Strategic / Operational KPIs	Like-for-Like Used Volume growth	Number of used vehicles sold in dealerships with comparable trading periods in two consecutive years	FY25 – growth of 0.7% FY24 – decline of 2.0%	2 3 5 6 9 12 13
	Like-for-Like New Retail volume compared to UK private registrations	Number of new retail vehicles sold in dealerships with comparable trading periods in two consecutive years compared to the movement in UK private registrations	**Group** FY25 – decline of 3.9% FY24 – decline of 0.9% **UK private registrations** FY25 – decline of 7.4% FY24 – decline of 1.0%	2 3 5 9 12 14
	Like-for-Like Service Revenue growth	Labour sales activity for the servicing, repair and preparation of motor vehicles in dealerships with comparable trading periods in two consecutive years	FY25 – growth of 6.3% FY24 – growth of 6.2%	2 6 8 9
	Online Growth	Website visits to all Group trading websites	FY25 – unique users 9.2m FY24 – unique users 10.4m	2 3 7 9 10 11
	Customer Service	Customer service is measured via email survey responses from customers gathered by our manufacturer partners for new vehicles or on net promoter score for used vehicles	85.8% Net promoter score (FY24 – 87.1%)	4 7 8 9

Financial Review

The Group's income statement for the Year is summarised below:

	FY25 £'m	FY24 (restated)[4] £'m	Variance %
Revenue	**4,763.9**	**4,686.3**	**1.7%**
Gross profit	**532.9**	**516.1**	**3.3%**
Operating expenses[4]	(480.5)	(459.8)	(4.5%)
Adjusted Operating profit	**52.4**	**56.3**	**(6.9%)**
Net Finance Charges	(23.1)	(21.5)	(7.4%)
Adjusted Profit Before Tax	**29.3**	**34.8**	**(15.8%)**
Non-Underlying items[5]	(4.5)	(0.2)	
Profit Before Tax	**24.8**	**34.6**	**(28.3%)**
Taxation	(6.6)	(8.9)	25.8%
Profit After Tax	**18.2**	**25.7**	**(29.2%)**

4 Operating expenses include share-based payments and amortisation charges previously categorised as non-underlying, revenue excludes parts revenue on vehicle preparation previously included as external revenue.

5 Non-underlying items represent impairment charges, reorganisation costs and other non-underlying items

The Group generated an adjusted profit before tax of £29.3m (FY24: £34.8m). Underlying operating profitability declined due to the impact of the Zero Emission Vehicle (ZEV) mandate on new vehicle volumes and margins, together with losses arising from acquisitions and new dealership start-ups. The UK retail new car market in 2024 was the lowest for 25 years.

Revenue was £4.8 billion, growing modestly compared to the prior year. Acquisitions completed after 1 March 2023 contributed additional revenue of £123.9m, whilst dealerships disposed of or closed in the Year resulted in a £40.6m reduction in revenue. Revenue in the Core Group decreased by £5.7m (0.1%) driven by a reduction in new retail vehicle volumes. The decline in new car profitability was partially offset by growth in the used car and aftersales areas.

Approximately half of the acquisition revenue growth is driven by new sales outlets opened since March 2023. During this period, the Group has launched nine outlets, including for franchises such as BYD, Ducati, and Toyota. In their first year, these outlets typically face high marketing costs, a lack of an established customer base, and low aftersales absorption, resulting in trading losses. In the second year, the aftersales parc begins to grow, but marketing expenses remain high, and absorption rates are still insufficient to offset fixed costs. By the third year, repeat vehicle sales help lower marketing costs and improve aftersales absorption, gradually leading to enhanced profitability. While trading losses are common in the first two to three years, co-locating new outlets with existing franchises helps mitigate early-stage financial pressures. Losses of £1.9m were incurred from an increased number of new dealership start-ups in FY25 and are included in underlying operating profit. Such losses are expected to be substantially reduced going forward.

A third of the acquisition revenue growth is attributed to the acquisition of Burrows Motor Company Limited, completed on 29 October 2024. Given the timing of the acquisition, after the key trading months of September and March, the business, as anticipated, saw a loss totalling £0.7m in the four-month period to 28 February 2025 included within adjusted profit before tax. With full integration into the Group's systems completed by the end of 2024, the Burrows dealerships are anticipated to contribute positively to trading in FY26 in line with our expectations.

Financial Review (continued)

Revenue and Gross Profit by Department

An analysis of total revenue and gross profit by department is set out below:

	TOTAL GROUP			CORE GROUP		
	FY25 £'m	FY24 £'m	Variance £'m	FY25 £'m	FY24 £'m	Variance £'m
Revenue						
New	1,439.9	1,452.5	(12.6)	1,389.1	1,435.8	(46.7)
Fleet & Commercial	1,054.8	1,037.4	17.4	1,044.2	1,032.4	11.8
Used	1,851.4	1,816.2	35.2	1,768.2	1,768.6	(0.4)
Aftersales[6]	417.8	380.2	37.6	397.8	368.2	29.6
Total Group Revenue	**4,763.9**	**4,686.3**	**77.6**	**4,599.3**	**4,605.0**	**(5.7)**
Gross Profit						
New	110.2	119.6	(9.4)	107.5	118.4	(10.9)
Fleet & Commercial	55.7	55.6	0.1	54.9	55.0	(0.1)
Used	130.9	122.5	8.4	126.1	120.4	5.7
Aftersales	236.1	218.4	17.7	226.5	214.2	12.3
Total Gross Profit	**532.9**	**516.1**	**16.8**	**515.0**	**508.0**	**7.0**
Gross Margin						
New	7.7%	8.2%	(0.5%)	7.7%	8.2%	(0.5%)
Fleet & Commercial	5.3%	5.4%	(0.1%)	5.3%	5.3%	-
Used	7.1%	6.7%	0.4%	7.1%	6.8%	0.3%
Aftersales[7]	43.7%	43.5%	0.2%	43.9%	43.9%	-
Total Gross Margin	**11.2%**	**11.0%**	**0.2%**	**11.2%**	**11.0%**	**0.2%**

[6] Parts revenue on vehicle preparation previously included as external revenue has been removed from revenue and cost of sales.
[7] Aftersales margin expressed on internal and external revenues

The total and like-for-like volumes of vehicles sold by the Group and trends against market data are set out below:

	Total Units Sold		%	Like-for-Like Units Sold		%
	FY25	FY24	*Variance*	FY25	FY24	*Variance*
Used retail vehicles	**88,851**	**86,437**	***2.8%***	**85,769**	**85,176**	***0.7%***
Direct new retail cars	32,938	35,228	*(6.5%)*	31,351	33,994	*(7.8%)*
Agency new retail cars	2,846	1,585	*79.6%*	2,819	1,579	*78.5%*
Total new retail cars	35,784	36,813	*(2.8%)*	34,170	35,573	*(3.9%)*
Motability cars	19,693	19,706	*(0.1%)*	19,040	19,056	*(0.1%)*
Direct fleet cars	19,460	18,848	*3.2%*	19,351	18,717	*3.4%*
Agency fleet cars	9,075	8,952	*1.4%*	8,625	8,427	*2.3%*
Total fleet cars	28,535	27,800	*2.6%*	27,976	27,144	*3.1%*
Commercial vehicles	16,652	17,569	*(5.2%)*	16,416	17,517	*(6.3%)*
Total New vehicles	**100,664**	**101,888**	***(1.2%)***	**97,602**	**99,290**	***(1.7%)***
Total vehicles	**189,515**	**188,325**	***0.6%***	**183,371**	**184,466**	***(0.6%)***

	UK Market year-on-year change[8]	**Group year-on-year change v UK market[9]**
New Retail Car	(7.4%)	3.5%
Motability Car	11.0%	(11.1%)
Fleet Car	6.7%	3.6%
Commercial	(0.1%)	(6.2%)

[8] Source SMMT
[9] Represents the year-on-year variance of like-for-like Group volumes compared to the UK trends reported by SMMT

New retail cars and Motability sales

2024 marked the first year of UK Government mandated targets for new Zero Emission Vehicles (ZEV Mandate). In response, Manufacturers took significant commercial steps to meet these targets and avoid significant potential fines, offering discounts to stimulate consumer demand for battery electric vehicles (BEV) and restricting supply of new petrol and diesel cars. The SMMT has estimated the cost to Manufacturers of such discounting to have exceeded £4.5 billion in 2024. Consequently, a record number of zero emission vehicles entered the UK market, however, BEV registrations accounted for 19.6% of total sales, short of the 22% target set by the Government's ZEV Mandate. BEV registrations were heavily weighted to the fleet sector driven by fiscal incentives, whilst BEV market share in the retail market was less than 11% in the year.

UK car registrations grew 1.2% in the year to 28 February 2025. This overall growth was driven entirely by fleet sales (including Motability sales), which represented almost 60% of all new vehicle registrations. These sales represent lower margin channels for Manufacturers and retailers. The higher margin UK private market channel declined by 7.4%, with retail registrations lower than during the pandemic, or the preceding 25 years. This reduction reflects consumer hesitation toward BEVs, affordability issues, and more limited availability of petrol and diesel vehicles as Manufacturers sought compliance with the ZEV Mandate percentage targets over driving volume. The Group saw like-for-like new retail vehicle volumes decline by 3.9% when compared to the prior year, which was significantly better than the retail market decline in registrations over the same period of 7.4%.

Within the overall new retail volumes, Group like-for-like BEV sales increased 83.2% compared to FY24. This compares to a 12.9% increase in UK private BEV registrations over the same period. This performance delivered an increased Group market share of the BEV retail market.

The Motability scheme plays a significant role in the UK car market, helping individuals with mobility and independence constraints access personal transport. The scheme has seen a record number of customers, with annual UK Motability registrations growing by 11.0% in the year to February 2025. This growth arose in the first half of the financial year as UK registrations grew 37.5% in H1. UK Motability volumes declined in H2 by 9.2%. The Group is Motability's largest partner in the UK, with over 48,000 vehicles on the fleet. These vehicles require an annual service, funded by Motability, in the Group's service departments over the three-year lease period, making the channel important to aftersales revenues. The Group's volumes in the Motability channel were broadly level with prior year as a number of the Group's major Manufacturers lost significant market share due to product line-up changes and their changed strategic appetite for this high-cost channel. This trend is likely to continue in forthcoming periods.

The declining retail volume and discounting of BEV vehicles impacted the profitability of the Group's Manufacturer partners. Similarly, retailer profitability in the new car channel came under increasing pressure in Q4 as the end date for the 2024 ZEV Mandate target measurement loomed. Despite outperforming market trends in terms of BEV sales and like-for-like retail volumes, from October 2024 the Group experienced a significant deterioration in profitability from the new vehicle sales channel. Lower new retail volumes and pressure on Manufacturer earnings led to reduced support for the retailer network and reduced gross profit generation year-on-year. These trends were particularly apparent in December, a traditionally strong month for new vehicle profitability when quarterly, half yearly and annual new car bonuses from Manufacturers are recognised.

Average selling prices in the new retail and Motability channel rose 2% to £26,179 reflecting increased BEV sales which tend to be higher value than internal combustion engine product (ICE). Margins were under pressure with gross profit per unit of £1,993 down from £2,100. This reflected higher discounting in a supply push market and reduced Manufacturer support. Core Group gross margin percentages consequently fell from 8.2% to 7.7%.

The Group has consequently seen a £10.9m reduction in the Core Group new vehicle gross profits in the Year compared to FY24.

Fleet & Commercial vehicles sales

Registration volumes in the UK car fleet market (excluding Motability) have grown 6.7% year-on-year compared to FY24. Robust demand for BEV through the corporate fleet channel was driven by tax incentives (including salary sacrifice schemes) for business users. Like-for-like, the Group delivered almost 28,000 fleet cars in the Year, representing an increase of 3.1% compared to FY24. The Group does not engage in significant supply to the low margin daily rental market which grew substantially within the UK fleet figures, reflecting the push market conditions that exist. The Group was highly successful in growing the supply of BEV vehicles into the public and private sectors, particularly in its major premium franchises.

As with the passenger vehicle market, the light commercial vehicle market also faced challenges with BEV van adoption and the ZEV mandate. UK BEV van market share remained at 6.3%, below the 10% mandated target for 2024. Over half of all new van models are now BEV, however, there is a major reticence from most of the van market to adopt BEV product at this stage. Overall, UK van registrations remained largely stable in the year to 28 February 2025. The Group's like-for-like sales of new commercial vehicles declined by 6.3% during this period. During the post-Pandemic period, the Group had better access to volume supply than the competition, partly due to a proactive approach of keeping fleet capacity in place. This situation has now normalised with share now also regularising.

Overall, the Group saw stable profit generation from its combined fleet and commercial operations. Like-for-like fleet and commercial volumes decreased 0.6% and a total of 45,187 vehicles were sold by the Group in this channel. An average selling price of £29,790 (FY24: £28,102) reflected increased premium franchise sales in the overall mix. Gross margin static at 5.3% overall.

Used retail vehicle sales

Wholesale prices within the UK's used vehicle market have remained stable throughout the year, providing a welcome contrast to the significant price correction which occurred in late FY24 when wholesale used vehicle prices dropped by over 10% between October and December 2023. Limited supply of used vehicles arising from post-Pandemic new car supply shortages, combined with a sluggish new retail market, has contributed to the resilience of wholesale prices throughout FY25. While this supply shortage initially raised expectations for improved margin retention in used vehicle sales, subdued consumer confidence, particularly following the change of Government, has dampened this impact. Retail prices did not increase in line with trade values, constraining anticipated margin growth. This trend was particularly evident in nearly new used cars (under one year old), which faced competition from new vehicles being discounted by Manufacturers or offered with lower finance rates to stimulate new retail sales in a weaker market (particularly in relation to BEV sales).

The Group continually monitors the used vehicle pricing, demand and supply environment. Monitoring is significantly aided by the in-house developed 'Vertu Insights' system. This includes a pricing algorithm to ensure that prices are adjusted frequently to optimise stock turn, volume and margin mix. Around 75% of the Group's used car inventory retail prices are changed daily via the Insights model.

The Year started with low levels of used vehicle stock as the Group reduced inventory in response to the price correction in the latter part of FY24. Used vehicle inventory at 28 February 2025 totalled £166.3m, being a 2.1% increase on the opening position. Tight stock control has been maintained despite more stock from dealerships acquired in the year, and higher vehicle prices. Core Group gross profit from the sale of used vehicles totalled £126.1m for the Year, representing a £5.7m increase year-on-year.

Group like-for-like used vehicle volumes grew 0.7% over the Year, reflecting weaker consumer confidence. A higher like-for-like gross profit per unit of £1,496 per unit (FY24: £1,436) was achieved. The Group adopted a self-help measure at the beginning of H2 FY25 of using AI to monitor discounts given versus the advertised retail price of used vehicles and using real time email alerts to senior management when cars were sold at discounts above a certain level. The increase in focus in this area has driven a 50% decline in the number of used cars sold with a discount between H1 and H2, bolstering used car margins as a result.

Gross margin achieved in the Core Group used vehicle department was 7.1% which was up from last year's level of 6.8%, with a stronger improvement year-on-year in H2.

Aftersales

The Group's aftersales operations are a major contributor to Group profitability, generating over 44% of total gross profit. The Group is delighted to report that it saw growth in gross profit generation in all major channels of aftersales on a like-for-like basis as set out below:

	Service £'m	Parts £'m	Accident & Smart Repair £'m	Fuel Forecourt £'m	Total £'m
Revenue[10]	208.7	268.8	27.5	11.0	516.0
Revenue[10] change	12.3	15.6	1.0	(0.8)	28.1
Revenue[10] change (%)	6.3%	6.2%	3.8%	(6.8%)	5.8%
Gross profit	151.5	57.4	16.7	0.9	226.5
Gross profit change	9.3	2.1	1.0	(0.1)	12.3
Gross margin[11] FY25 (%)	72.6%	21.3%	60.8%	8.2%	43.9%
Gross margin[11] FY24 (%)	72.4%	21.8%	59.5%	7.8%	43.9%
Margin change (%)	0.2%	(0.5%)	1.3%	0.4%	-

[10] includes internal and external revenues
[11] Aftersales margin expressed on internal and external revenues

- *Service*

Vehicle servicing and repair remains a key revenue stream for the Group, driven by strong demand and supported by effective customer retention and acquisition strategies. Service plans, through which customers pay monthly or upfront for their annual service, are a vital part of the Group's retention strategy. The Group has approximately 160,000 live service plans (including Manufacturer service plans) and over 48,000 Motability customers in live contracts, which creates significant resilience to future revenue streams.

The Group's Pay Later solution, which allows service customers to defer payments interest-free for up to five months on repair work identified, has resulted in higher average invoice values in FY25, and higher sales conversion of work identified. This flexible payment option encourages more customers to approve essential repairs identified through the Group's Vehicle Health Check (VHC) process. The VHC process involves a thorough inspection of every vehicle in the workshop to identify immediate safety concerns and potential issues that may require attention in the coming months. Customers receive a video from the vehicle technician highlighting any identified issues, together with a priced quote for the work. This can be authorised remotely by the customer or via the telephone. As a result of this process, customers spent an additional £105 per visit on average, reflecting an annual increase of £12 per customer. This improvement has contributed to record-high average invoice values, exceeding £335 during the Year. The bad debt experience on this product has, to date, been negligible.

Reflecting the trends set out above, like-for-like service revenue growth of £12.3m (6.3%) was delivered in the Year. Gross margin percentages on vehicle servicing were up to 72.6% (FY24: 72.4%) in the Core Group despite rising labour costs. Gross profit generation rose on a like-for-like basis by £9.3m in service.

- *Parts*

The Group's substantial parts operations include traditional wholesale operations, agency distribution hubs operated on behalf of Manufacturers, on-line parts retailing and accessory sales to dealership customers. These operations also supply parts to the Group's service and accident repair operations. The Group successfully grew like-for-like revenue by £15.6m (6.2%) from the sale of parts in the Year compared to FY24. Improvements in the Group's Vehicle Health Check process, and use of Pay Later to improve conversion described above, helped to drive an 8.7% increase in parts revenues per labour hour sold through the Group's workshops, together with an increase in total hours sold.

Like-for-like gross profits generated from the sale of parts increased by £2.1m over the Year. Parts margins reduced slightly to 21.3% in the Year reflecting an increased mix of lower margin warranty and online parts sales.

Financial Review (continued)

Aftersales (continued)

- *Accident and Smart Repair*

The Group's Accident Repair Centres are managed separately from the dealership businesses in a standalone division. The Group operates 15 Accident Repair Centres, from Sunderland in the Northeast to Truro in the Southwest of England. Two operations in Doncaster and Sheffield were acquired with the Burrows acquisition on 29 October 2024 and were immediately integrated into the Division and Group platforms and systems. Accident repair demand has been falling in recent years, as vehicle technology has improved, with advanced driver assistance systems (ADAS) resulting in fewer and less severe accidents. Additionally, there has been an increase in total loss accidents because of rising parts and labour costs, which means cars are written off, rather than repaired. Reflecting these national trends, the Group's Core accident repair operations saw a 4.6% decline in revenues in FY25.

Also reported within this segment is Vertu Cosmetic Repair, which serves the Group's demand for repairs to used vehicles and this channel exhibited strong growth. The Group's Smart Repair operations have 18 static operations in addition to 106 vans, 85 of which are smart repair vans, and the remainder specialise in alloy wheel repair. The Group has delivered a 3.8% increase in revenues generated from the Group's accident and smart repair operations. A £1.0m increase in related gross profit arose due to growth in the high margin smart repair channel.

A new retail focused smart repair operation ('Vertu Repair Master') was created at the start of FY25 to provide on-site cosmetic repair services to corporate clients. This operation, which is excluded from the Group's Core operations for FY25, now operates 12 vans, with a further five currently in build ready to deploy in early FY26. Demand for this new operation has been strong and growing, with plans to extend operations to 25 vans by the end of FY26. The new business generated almost £1m of revenues in FY25, retaining strong margins.

- *Fuel Forecourt*

One fuel forecourt was operated by the Core Group in FY25, in Widnes, Cheshire. As a result of the tempering of fuel prices, this forecourt saw reduced revenues but improved margins of 8.2% in the Year. Overall, gross profit declined £0.1m in the Year compared to the previous year.

Operating Expenses

A summary of Group operating expenses is set out below:

	FY25	FY24	FY25 variance to FY24	
	£'m	£'m	£'m	%
Salary costs	260.0	248.4	11.6	4.7%
Vehicle and valeting costs	56.4	52.6	3.8	7.2%
Property costs and depreciation	55.4	55.4	-	-
Other (including IT)	50.1	49.8	0.3	0.6%
Marketing costs	34.3	39.7	(5.4)	(13.6%)
Share based payments and amortisation	2.7	3.0	(0.3)	(10.0%)
Core Group operating expenses	**458.9**	**448.9**	**10.0**	**2.2%**
Core Group operating expenses as a % of Core Group revenues	***10.0%***	***9.8%***		***0.2%***
Acquisitions and start-up operations	20.1	4.7	15.4	
Disposals	1.5	6.2	(4.7)	
Group net underlying operating expenses	**480.5**	**459.8**	**20.7**	**4.5%**
Operating expenses as a % of revenue	***10.1%***	***9.8%***		***0.3%***

Reported underlying operating expenses of £480.5m increased by £20.7m compared to the year ended 29 February 2024. Dealerships acquired, started up, or sold in the period since 1 March 2023 generated a net £10.7m of this increase. Underlying Core Group operating expenses grew by just 2.2% compared to last year, despite inflationary pressures in the UK economy. This reflected a major focus on costs that could be controlled by the Group. Despite this strong focus, operating expenses as a percentage of revenue grew to 10.1% (FY24: 9.8%), driven by the reduction in revenue from the sale of new vehicles and the impact of acquisitions and new start-up outlets in the period. The latter had a 13.3% ratio of operating expenses to revenues reflecting the seasonality and timing of acquisitions, coupled with the immediate start-up nature of new outlets opened. These ratios are anticipated to normalise over a three-to-four-year period.

Operating Expenses (continued)

The largest operating cost of the Group is salary costs, which have increased by £11.6m (4.7%) in the Core Group, compared to last year. Salary costs shown in operating expenses exclude the productive cost of the Group's aftersales technicians, which are included in cost of sales. The £11.6m year-on-year increase in Core Group salary costs was driven by a range of factors, with £8.0m of this increase arising in the first half of the financial year. This rate of growth moderated to £3.7m in the second half, reflecting the early impact of cost-saving initiatives initiated considering the Autumn Budget.

£6.1m of the annual increase is attributable to the rise in the National Minimum Wage (NMW) in April 2024 and its knock-on effects across the Group's salary structures. This included a direct NMW impact of £2.7m, £1.4m invested to maintain wage differentials for skilled colleagues such as parts advisors and vehicle administrators, and £2.0m resulting from increases to sales executive basic salaries. A further £3.8m of the increase, all arising in H1, related to additional headcount, predominantly as the Group successfully reduced outstanding vacancies carried over from FY24. Further cost increases included £0.5m due to higher apprenticeship headcount and pay, and £1.2m associated with increased non-productive time in the aftersales function, driven by both pay enhancements for technicians and improved tracking of lost and idle time, as well as enhanced benefits such as additional holidays for long-serving colleagues.

The cost of the Core Group's demonstrator and courtesy vehicle fleet, included within vehicle and valeting costs, increased by £3.8m in the Year. Expanding product ranges including more expensive BEV vehicles increased demonstrator requirements mandated by Manufacturers. Depreciation rates were increased part way through FY24, to ensure that vehicle carrying values on de-fleet were appropriate. The higher depreciation rates, especially on BEV product, have been critical to the increase.

Property costs were level year-on-year. The Group has been successful in challenging certain of the rateable value uplifts which were applied across the portfolio in FY24. Business rates remain a significant cost to the Group, with costs in the Core Group of £15.8m in FY25, including rates refunds received because of the appeals, compared to £16.7m in FY24. This cost is expected to rise in FY26 due to lower refunds.

Other costs (including IT) were tightly controlled increasing just £0.3m (0.6%) in the Core Group compared to prior year.

The Group significantly reduced its core marketing costs principally as a result of decisive action to reduce new car marketing in light of the falling retail market. In addition, the focus on the use of algorithmic used car values reduced the used of sale events to drive volume with consequent savings in marketing. Return on investment is a priority for all marketing spend with a focus on increasing its effectiveness. For example, the Group has significantly reduced cost per leads on pay per click activities.

Non-underlying operating expenses

	FY25 £'m	**FY24 (restated)[12] £'m**	**FY25 Var to FY24 £'m**
Redundancy costs	2.8	0.9	1.9
Rebrand costs	0.8	-	0.8
Lease surrender premium	-	(0.8)	0.8
Impairment charges	0.6	0.1	0.5
Acquisition fees	0.3	-	0.3
	4.5	**0.2**	**4.3**

[12] Share based payments and amortisation were reclassified to underlying expenses during the year. Prior year comparatives have been restated to aid compatibility.

The changes to the minimum wage and National Insurance contributions announced in the Autumn Budget in October 2024 will add c.£10m to the Group's labour costs in FY26. To offset these significant cost increases, the Group acted to reduce headcount and undertake other cost actions on a proactive basis. This was achieved through various measures, including a targeted headcount reduction programme and the closure of two dealerships.

Non-underlying operating expenses (continued)

This led to a headcount reduction of approximately 290 colleagues representing 3.8% of the workforce. Moreover, outstanding vacancies of around 250 jobs were not actioned immediately after the Autumn statement. The associated termination costs of £2.8m have been included in non-underlying costs due to the scale and one-off nature of this initiative.

Part of this cost reduction exercise was the consolidation of the Group's dealerships under the single 'Vertu' brand. The re-brand costs, largely the cost of new signage at each of the Group's volume dealerships, of £0.8m have been included in non-underlying costs. Ongoing annual marketing savings are anticipated going forward of c.£5.0m once rebranding activities (including a short-term rise in spend in the immediate period after rebranding) have ceased. The simplicity of one brand and one website for the operations of the business is significant.

Impairment charges relate to the carrying values of the two properties closed as part of the above initiative, with the decision made to seek speedy realisations into cash. One of the properties located in Dorchester, closed in November 2024, was sold, for cash, on 31 March 2025 for £1.25m, being £0.4m below the pre-impairment book value for this property. The second now vacant property, closed in March 2025, located in Barnstaple, is currently under offer for sale. A prudent view of the likely sale proceeds has been taken and consequently an impairment provision of £0.2m has been included in non-underlying costs in FY25.

Finally, the acquisition costs relating to the purchase of Burrows Motor Company Limited, completed in October 2024, have also been included in non-underlying costs.

Net Finance Charges

Net finance charges are analysed below:

	FY25 £'m	FY24 £'m	FY25 Var to FY24 £'m
New vehicle Manufacturer stocking interest	9.1	8.2	0.9
Mortgage interest	6.2	6.2	-
Interest on bank borrowings	4.1	3.8	0.3
Used vehicle stock funding interest	0.7	1.1	(0.4)
Interest on lease liabilities	4.1	3.5	0.6
Interest income	(1.1)	(1.3)	0.2
Net Finance Charges	**23.1**	**21.5**	**1.6**

The Group saw an increase in interest charged by Manufacturers on funded new vehicle inventory. This increase was due to increased average prices of new vehicles in the pipeline and increased fleet activity in the year. Total Group new vehicle stock as at 28 February 2025 was £577m (2024: £516m), up 11.8%, including the impact of acquisitions. Reduced interest rates are providing favourable year-on-year variances with H2 costs in line with the prior year.

Interest on bank borrowings and mortgages increased due to the additional facilities drawn for the acquisition of Burrows in October 2024. These were a £12.0m drawing on the Group's Revolving Credit Facility (RCF) together with the assumption and refinancing of a £7.5m mortgage provided by Toyota Financial Services.

To minimise the interest rate risk to the Group, derivative contracts have been entered into. The term of the Group's Revolving Credit Facility was extended out to December 2027 in FY25. Consequently, the associated interest rate swap over £30m of the borrowing was also extended, fixing the underlying SONIA rate charged at 3.82% from September 2024 (previously 4.42%). The swap now expires in December 2026 (previously March 2025). An interest rate cap contract in respect of £50m of the Group's variable rate mortgage with BMW Financial Services (BMWFS) expired in March 2025. This mortgage, previously attracting interest 2.8% above BMWFS base rate, was moved to a 3 year fixed all in rate of 7.03% with effect from 1 February 2025, reducing the interest rate applicable at that date.

Interest on lease liabilities increased year-on-year, primarily due to new leases entered into and the acquisition of leasehold dealerships. These new leases were all subject to higher interest rates than those applied to historic right of use liabilities, reflecting the rise in applicable base rates in the intervening period.

Financial Review (continued)

Pension Costs

The Group has a closed defined benefit scheme. The latest actuarial valuation of the scheme was performed as at 5 April 2024. This valuation showed the scheme had a funding surplus of £2.0m, with no contributions required from the Company to meet the cost of accrued benefits. Expenses are also met by the scheme. No contribution payments are expected for the accounting period beginning 1 March 2025.

The scheme invests in an asset portfolio which aims to fully hedge the scheme's interest rate and inflation risk to maintain this fully funded position.

On the accounting valuation basis, the scheme remains in surplus. An increase in the surplus arose over the Year relating to more favourable actual experience than previously assumed. Overall, a net actuarial gain of £1.5m was recognised in the Statement of Comprehensive Income for the Year. The accounting surplus on the scheme increased to £3.9m as at 28 February 2025 (2024: £2.5m).

Tax Payments

The Group's underlying effective rate of tax for the Year was 25.8% (FY24: 26.0%). The overall effective tax rate, increased to 26.9% (FY24: 25.6%) as a result of an increase in non-qualifying depreciation. The total tax charge for the Year reduced to £6.6m (FY24: £8.9m). The Group continues to be classified as 'low risk' in a recent review by HMRC and takes a pro-active approach to minimising tax liabilities whilst ensuring it pays the appropriate level of tax to the UK Government.

Cash Flows

Free Cash Flow of £37.3m (FY24: £57.0m) was generated in the Year:

	FY25 £'m	FY24 £'m
Operating profit	47.8	56.0
Depreciation, amortisation, share based payments & other	40.2	37.5
Movement in working capital	7.0	16.7
Interest and tax payments	(28.4)	(26.2)
Net Cash Inflow from operating activities	**66.6**	**84.0**
Sustaining capital expenditure	(14.9)	(12.4)
Proceeds from sale of property, plant and equipment	5.6	3.6
Lease principal repayments	(20.0)	(18.2)
Free Cash Flow	**37.3**	**57.0**

Net cash inflow from operating activities benefited from a cash inflow of £7.0m from a reduction in working capital (FY24: £16.7m). This movement in working capital was predominantly due to a £6.2m reduction in used vehicle inventory, all of which was delivered in H2. The Group also generated a £2.1m reduction in fully paid new vehicle inventory and other net cash inflows of £1.5m. These inflows were partially offset by a £2.8m increase in debtors, arising from the Group's Pay Later product.

In addition to the above movements in working capital, the Year saw a significant increase in new vehicle inventory, matched by an equivalent increase in Manufacturer funding shown within creditors, thus having no impact on cash flow overall. This £47.0m movement comprised an increase of new vehicle inventory in the pipeline of approximately £60.0m, partially offset by a £13.0m reduction in demonstrator vehicles.

Financing and Capital Structure

The Group has a balance sheet with shareholders' funds of £357.6m (2024: £353.4m) underpinned by a freehold and long leasehold portfolio of £330.9m (2024: £311.8m) and net debt (excluding lease liabilities) of £66.6m as at 28 February 2025. The Group's conservative financing and capital structure resulted in a strong tangible net assets position of £234.8m as at 28 February 2025, representing 72.9p per share.

The Group has a committed acquisition debt facility of £93m taken out in December 2022 for three years with the option to extend for a further two years. During the Year, this facility was extended for the second of the two additional years out to December 2027. £56m of this committed facility was drawn as at 28 February 2025 with £37m therefore available undrawn. The Group operated comfortably within all applicable covenants during the Year.

Financing and Capital Structure (continued)

The Group also has long term debt funding in the form of 20-year mortgages totalling £77.1m (FY24: £81.3m) provided by BMW Financial Services ('BMW FS'). In addition, a further £7.1m mortgage from Toyota Financial Services (TFS) was assumed on the acquisition of Burrows Motor Company Limited in October 2024. This was re-financed to a 10-year mortgage of £7.5m from 1 January 2025 with a floating rate of 2.3% over Bank of England base rate. The mortgages are amortising facilities with annual repayments of capital of £5.0m.

The Group makes use of used vehicle stocking loans provided by third party banks, subject to interest and secured on the related used vehicle inventories. While, during the Year, there was some utilisation of the facility, as at 28 February 2025, no amounts were drawn. The Group has a £70.0m facility under these arrangements and held £166.3m of unencumbered used vehicle inventory at 28 February 2025. Stocking loans on used vehicles by third party banks are classified as debt by the Group.

Capital Allocation

Consideration of capital allocation is central to the Board's decision making. The Board believes that the Group's funding structure should remain conservative and that the application of the Group's debt facilities to fund activities or acquisitions which meet the Group's hurdle rates for investment, will enhance return on equity and increase cash profits in the future.

Cash returns to shareholders in the form of dividends are an important part of the Company's capital allocation decision making process and remain a priority for the Board. As noted in the interim announcement, adjusted diluted EPS is now stated after deduction of share-based payment charges and amortisation (non-cash items). Consequently, the Group's dividend policy has been amended to 2.5-3.5 times (previously 3-4 times) cover to negate the impact of this accounting reclassification.

An interim dividend of 0.90p per share was paid in January 2025. The Board recommends a final dividend in respect of the year ended 28 February 2025 of 1.15p per share to be approved at the Annual General Meeting on 25 June 2025. This dividend will be paid, subject to shareholder approval, on 25 July 2025. The ex-dividend date will be 26 June 2025 and the associated record date 27 June 2025. This final dividend brings the total dividend in respect of FY25 to 2.05p per share (FY24: 2.35p). Against adjusted, fully diluted EPS of 6.13p this dividend is covered 3.0 times in line with the Group's stated policy of 2.5-3.5 times.

During the Year, the Group purchased 7,500,387 shares for cancellation, representing 2.2% of opening total issued share capital, for £4.8m. As set out in our trading update on 6 February 2025 the Board considers that Vertu Motors plc shares are mispriced and trading at a material discount to our own assessment of intrinsic and indeed tangible net asset per share values. When purchases are made at prices below intrinsic value, share buybacks deliver significant long-term benefits to all remaining shareholders who increase their interest in our Group as our share count reduces. Since the Group began share buybacks in October 2018, to 30 April 2025 our share count has reduced by 17.6%. The Board announced an allocation of £12m to a new share buyback programme from 6 February 2025 running to 28 February 2026. This compares to £7.5m spent on share buybacks in FY24, and £4.8m in FY25. The Board will not hesitate to increase this allocation if it considers it appropriate to do so.

At 28 February 2025, the Group held 7.8m shares in its Employee Benefit Trust ('EBT') (treated as treasury shares) for the purpose of satisfying exercises of shares under the Group's share ownership plans, such as Partnership Share Options. 6.0m shares were purchased into the EBT during the Year for £4.0m.

The Group spent £11.0m on acquisitions during the Year, invested £7.7m in new build locations or land and building purchases, and incurred £4.4m on multi-franchising or the expansion of capacity at existing dealerships, collectively 'expansion capital expenditure'. These cash outflows are excluded from sustaining capital expenditure utilised in the calculation of Free Cash Flow.

Financial Review (continued)

Capital Allocation (continued)

The Group also deploys capital on its extensive franchised dealership network, expending £27.0m (FY24: £24.0m) on asset additions in FY25. This included the £12.1m of non-sustaining 'expansion capital expenditure' referenced above. The balance of £14.9m is considered sustaining capital expenditure. For FY26, sustaining capital expenditure is anticipated to be approximately £15.0m, which includes some redevelopment projects to meet revised Manufacturer standards which do not necessarily increase Group capacity. A further £2.3m of expenditure is anticipated in respect of expansion capital expenditure. The Group has surplus property assets with disposals in FY26 expected to generate cash proceeds of approximately £8.0m, £1.25m of which has already been received after 28 February 2025.

Karen Anderson, CFO

Non-Financial and Sustainability Information Statement

The Group recognises the reporting recommendations regarding companies' climate related disclosures, in relation to governance, risk management, and metrics and targets.

Consistency Statement

The Group's climate-related disclosures below are set out with reference to Companies Act 414CB (2A) Climate Related Disclosures.

Consistency with seven of the recommended disclosures has been achieved.

The Group has not performed a specific separate analysis of the resilience of the Group's business model and strategy, taking into consideration different climate-related scenarios, such as percentage rises in global temperatures, heat stress or sea level rises. At this stage, the Group considers the direct physical and transitional risks from climate change to be limited in the short to medium term given the nature of its operations, which are primarily retail-based and geographically dispersed across the UK.

While the Group acknowledges the importance of scenario analysis in understanding long-term climate risks, a detailed quantitative assessment has not yet been undertaken due to the complexity and evolving nature of available methodologies. The Group continues to monitor developments in climate risk assessment practices and may incorporate scenario-based resilience testing in future disclosures as tools and data become more robust and tailored to the automotive retail sector.

Climate-Related Financial Disclosures

Recommendation	Description	Consistency	Pages
Governance	(a) A description of the company's governance arrangements in relation to assessing and managing climate-related risks and opportunities.	✔	47-48
	(b) A description of how the company identifies, assesses, and manages climate-related risks and opportunities.	✔	47-48
	(c) A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process.	✔	47-48
Risk Management	(d) The principal climate-related risks and opportunities arising in connection with the company's operations and the time periods by reference to which those risks and opportunities are assessed.	✔	53
	(e) A description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy.	✔	53
Metrics and Targets	(f) An analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios.	●	N/A
	(g) A description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets.	✔	35-36
	(h) A description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of the calculations on which those key performance indicators are based.	✔	35-36

✔ Compliant

● Not compliant

Non-Financial and Sustainability Information Statement (continued)

Governance

Governance around the Group's response to climate change, providing oversight on climate-related risks and opportunities and the assessment of progress on actions required in response is embedded within the Group's risk management processes set out on page 47-48.

The Board is responsible for the identification of opportunities and risks and setting the strategic objectives of the Group. The CEO, Robert Forrester, oversees sustainability and communicates with our stakeholders, the Board and management about the Group's action plan and progress. The COO, and head of the Group's Compliance Committee, David Crane, oversees supplier matters and communicates to the Board on regulatory changes in response to climate change and their potential impact on the Group. The CFO, Karen Anderson, provides reporting on progress towards the Group's sustainability goals and oversees the assessment and monitoring of climate-related risks and associated metrics and targets.

The Audit Committee's key responsibilities include monitoring the Group's risk management process and systems of internal controls. The Compliance Committee is responsible for Compliance and Whistleblowing. An internal Efficiency Committee, comprising the Executive Directors and senior management of the Group focuses on the delivery of cost saving initiatives, such as energy reduction, reduction in resources used by the Group and sustainability. Regular colleague forums also take place throughout the Group's network and feedback is requested on climate related issues.

Sustainability initiatives

The Group has a track record of making a positive contribution to its colleagues and to the communities we operate in, as well as a commitment to minimise cost and maximise efficiency to ensure resources are not wasted. The Group launched its 'Driving Sustainability' strategy in April 2021, based around three strategic sustainability goals:

1. Work with our Manufacturer partners to provide increasingly sustainable choices for customers
2. Reduce the environmental impact of our business
3. Care for our colleagues and support our communities

These sustainability goals have been mapped to the United Nations ('UN') Sustainable Development Goals ('SDG') to show how we are contributing. We have ambitions to improve and therefore targets to achieve this are also shown against each of our sustainability goals.

Non-Financial and Sustainability Information Statement (continued)

Sustainability Goals

	Goals	Link to SDG
Work with our Manufacturer partners to provide increasingly sustainable choices for all customers	Increase the Group's sales of alternatively fuelled vehicles by a minimum 30% each year to 2030 Maintain our position as the UK's largest supplier of vehicles to the Motability fleet	
Reduce the environmental footprint of our business	Deliver an annual 10% like-for-like reduction in the energy the Group draws from the national grid 70% of all dry waste to be recycled by 2025 25% of the corporate fleet to be alternatively powered by 2025	
Care for our colleagues and support our communities	At least 85% of Colleagues to agree that the Group is a great place to work Continue to support causes local to our dealership network applying a central support budget of £150,000 per annum	

Non-Financial and Sustainability Information Statement (continued)

Progress toward Sustainability Goals

Work with our Manufacturer partners to provide increasingly sustainable choices for all customers

Like-for-like the Group grew its sales of new retail battery electric vehicles (BEV) by 84.7% in FY25. Ahead of the growth of BEV registrations in the UK of 12.9%. The impact of climate-related UK legislation on BEV and overall retail sales has been explained in detail in the Group Strategy Report and Financial Review.

The Group continues to operate the largest Motability fleet in the UK.

Reduce the environmental footprint of our business

The Group has maintained a strong focus on the reduction of energy used in its operations in FY25.

The Group maintained its focus on our mature 'War on Waste' programme. This programme highlights the importance of reducing energy wastage and helped the Group to deliver a like-for-like decrease in electricity usage across the business despite an increase in both the size and use of BEV charging Infrastructure. Solar panel systems installed in Group locations produced 8% of group's total electricity requirements in FY25. Energy usage data continues to be shared across the Group with energy management reviews, and audits provided to support to those sites where the potential for reduction in energy use has been identified.

The Group has a commitment to renewable energy procurement and ended the year with 100% of energy purchased directly from the grid procured from Certified Renewable Green certified clean means of generation (i.e. wind, solar or hydro plants) for its legacy sites.

Emissions associated with transportation have decreased year-on-year as a result of the additional investment in electric vehicles for the Vertu fleet.

The carbon intensity of the Group's operations has seen an overall 8.44% decrease year-on-year.

The Group recycled 71% of its dry waste on site in FY25.

Care for our colleagues and support our communities

In a recent pulse survey of all Group colleagues, 85.4% of respondents agreed that the Group is a great place to work. The Group's colleague engagement strategy continues to provide opportunities for improvement in this score.

The Group centrally supported communities by over £300,000 in FY25 with some of those benefitting from this support highlighted in the following 'community' section.

Responsible Sourcing

All of the Group's business locations are situated within the UK and operate in strict compliance with all applicable labour relations laws. We have no presence, either directly or via sub-contractors, in any areas which present a material risk of the exploitation of men, women or children in the workplace. We work with vehicle manufacturers and other suppliers who manage their supply chains in a responsible way. The Group's modern slavery statement is published on the Group's website, at https://investors.vertumotors.com/.

Non-Financial and Sustainability Information Statement (continued)

Environmental Management

The Group's strategy on environmental matters is to ensure legal and regulatory compliance as well as seeking to manage costs and usage through effective resource allocation. Half Hourly energy usage data and purchasing monthly usage data is monitored to highlight areas of potential wastage for attention, as well as providing a firm benchmark for energy and water usage reduction activities. The Group targets 70% of dry waste to be recycled at source, FY25 result is 71%, and the group achieved a 16% YOY reduction in print volume. The Group continues to seek digital solutions to remove the need for print throughout the business and we expect a further print volume reduction in FY26.

Energy and Emissions Reporting

This table below summarises the Group's energy usage, associated emissions, energy efficiency actions and energy performance under the government policy Streamlined Energy & Carbon Reporting (SECR). This is implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Government Emissions Factor Database 2024 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for the reporting period, being the year ended 28 February 2025.

The table below includes total energy consumption (reported as kWh) and greenhouse gas emissions for the sources required by the regulations, along with the Group's intensity ratio.

	Natural Gas & Other Fuels	Electricity	Transport	Total
2025 Carbon and Energy Consumption				
kWh	28,032,755	26,800,034	39,725,022	94,557,811
tCO_2e	5,155	5,549	9,054	19,758
Y0Y Percentage Change (tCO_2e)	3.78%	(0.79%)	(15.68%)	(7.23%)
2024 Carbon and Energy Consumption				
kWh	26,993,845	27,009,947	47,201,064	101,204,856
tCO_2e	4,967	5,593	10,738	21,298
		Carbon Intensity Metric (tCO_2e/Revenue)		
2025	1.07	1.16	1.89	4.12
2024	1.05	1.18	2.27	4.50
YoY Percentage Change	**1.90%**	**(1.69%)**	**(16.74%)**	**(8.44%)**

Electricity emissions have decreased by 0.79%, and Natural Gas & Other Fuels emissions have increased by 3.78% year-on-year. In FY25, Vertu grew its operations via acquisition, the largest of which being Burrows Motors Company Limited which was acquired in October 2024. This is reflected in a heightened demand for energy over the reporting period. The increase in electricity demand has been mitigated by additional investment in solar photovoltaics (PV) self-generation.

There has been a 15.68% decrease in transport emissions year-on-year. This is supported by the additional investment in electric vehicles for the Vertu fleet, and EVCP rapid charger infrastructure, this has in turn led to a reduction in emissions from Internal Combustion Engines.

Non-Financial and Sustainability Information Statement (continued)

Community

As the Group has consolidated its retail brands and continued to expand, so has the scope of its involvement in the community as part of our wider corporate and social responsibility strategy and Group sustainability goals.

The projects the Group's chosen to support reflect the diversity and depth within the business, and also the desire our colleagues have to be an active part of the communities served by their dealership. During the year to 28 February 2025, the Group's community activities have included:

The Vertu Food Drive:

Early 2025, Vertu orchestrated Scotland's largest synchronised food drive, whereby 19 of the Group's Scottish dealerships provided carloads of vital donations to several local food banks spread across the Central Belt, at a time when they need it the most. After Christmas, particularly when February mid-term break arrives and children who depend on free-school meals don't get to receive these, many Edinburgh, Glasgow, Dunfermline and Ayr food banks find their services in higher demand. In addition to the Vertu Food Drive, the Group also provided over 50,000 food collection bags within local newspapers across Scotland, encouraging readers to provide donations where they can too, sharing in the valuable support of our shared communities.

St. Oswald's Hospice:

A charity that the Group continued to support through the donation of a car was St Oswald's Hospice, who provide outstanding, specialist and expert care to adults and children with life-limiting conditions. The Group has donated a car for the hospice's Big Car Raffle every year since 2015, and this year's donation of a 24-Reg Hyundai i10 has contributed greatly to the raffle's continued success. The money raised just this past year equates to 964 hours of nursing care, providing 40 full days of care for a patient staying in St Oswald's adult inpatient unit. St Oswald's Hospice has raised over £1.45 m through the years of running its Big Car Raffle, making a huge difference to their operation.

Birmingham City Foundation and the Vertu Primary Schools Cup:

As an Official Partner of Birmingham City Football Club, Vertu joined forces with their Foundation to help deliver the Vertu Primary Schools Cup: a competition open to a huge range of students from schools across the West Midlands. A combination of mixed and all-girls teams were provided with the opportunity to attend the prestigious Wast Hills Training ground to take part in a series of qualifying events, with the goal of making it through to Finals Day at St Andrew's Knighthead – the stadium where the first team plays its home games. The competition provides hundreds of children with the chance to experience top class sporting facilities, and to create life-long memories, particularly for those who were in attendance on the week when the Team VERTU BTCC racing livery was revealed ahead of the 2025 season. Vertu has also assisted with the delivery of gifts to underprivileged children at Christmas, which were purchased with money raised during the Club Foundation's annual 'Blue Nose Day' event.

Newcastle Theatre Royal Trust:

Christmas also saw Vertu supporting primary schools in the North East, with a competition to design the 'Theatre of the Future', providing a chance to win tickets for their entire year group to attend Newcastle Theatre Royal's pantomime. Four winning schools were chosen, and each received tickets to see *The Little Mermaid*. Vertu provided all tickets, as well as the transport to and from the event, ensuring full accessibility for the children involved. Celebrating the arts and their creativity, the winning design entries were also installed in the Theatre for the entire duration of the winter pantomime season — a fantastic chance for the children to see their ideas proudly showcased in one of the City's iconic venues.

Non-Financial and Sustainability Information Statement (continued)

Community (continued)

Vertu Motors Arena naming rights:

Vertu Motors is proud to continue its support of the Newcastle Eagles Foundation, a charity very much at the heart of their local community. Vertu Motors’ naming rights sponsorship of the Eagles Arena, in Newcastle upon Tyne, helps the Foundation to continue delivering vital services to the local community with the venue acting as both a sports arena and community centre.

Wolverhampton Project:

The Group has long been a supporter of Wolverhampton’s Churches 4 Positive Change charity, previously aiding the launch of the Back To Eden Project, which included more than ten allotments that serve to combat health inequalities and support mental wellbeing, particularly for members of the local African Caribbean community. The Group has since supported another year of events and conferences designed to promote community cohesion, including a summer BBQ & family sports day, which was attended by more than 3,000 local people, in addition to the charity’s Civic Engagement Youth Conference, which aims to offer young people civil opportunities and organically develop a new generation of local leaders.

Yorkshire Cricket Foundation:

The Group has supported the Yorkshire Cricket Foundation, which delivers a number of community projects across the County, with both monetary support and provision of a 17-seater minibus. The Group’s support has also assisted with the expansion of the Club’s college facilities, with the installation of an on-site gym for students. Vertu helps the Foundation deliver its vital work in the areas of education, health and wellbeing, participation and heritage.

Burnley FC in the Community:

The Group supports Whitehough Outdoor Centre, which is operated by the Burnley FC in the Community charity. The Centre offers outdoor education opportunities for both young people from local disadvantaged communities and those with special educational needs, as well as groups like the Burnley Veterans. With energy bills rising steeply in recent months, the running costs of the Centre have almost doubled. The Group supports operational costs of the Centre, and the general maintenance of the facility so it may continue to benefit its visitors.

Northern Leader's Trust (NLT) Community Champion Awards:

The Group is proud to sponsor several NLT Community Champion Awards, which provide students from primary and secondary schools in Newcastle with an opportunity to stand out and shine for their contributions to the community. The awards provide a unique platform for young individuals to be acknowledged for a vast range of outstanding community contributions.

Dunston Silver Band:

The Group continues to back Dunston Silver Band and Dunston Silver Youth Band, who are faced with many cost challenges to remain operating within the community. Our support facilitates the bands’ running costs, including covering rent expenses for the Dunston Community Centre and professional conductor's fees. The partnership aims to promote the enduring power of music within the local community; the bands have been a source of joy, entertainment, and cultural enrichment since 1908, as well as recently qualifying for the National Championship after a successful Regional competition.

English Football League (EFL) Community Outreach:

The Group’s partnership with the EFL, established late-2023, has provided the opportunity to support a huge and diverse range of community initiatives across England and Wales, through their relationships with their local football clubs. For each round of fixtures in the Vertu Trophy, we have provided the home team with complimentary tickets to be gifted to a programme of their choosing, enabling people from a wide cross-section of the community to attend fixtures.

Community (continued)

Sunderland AFC Mental Health Hub:

Vertu Motors continues to support Sunderland AFC's Mental Health Hub, the first of its kind in the UK, provided by Sunderland's Branch Liaison Council and Washington Mind. The Mental Health Hub offers a free, informal and confidential drop-in service for home and away supporters on SAFC home matchday. Based at the club's Beacon of Light, the service is hosted by trained counsellors to support fans in a relaxed and welcoming environment.

Other:

The Group's dealerships have also been busy supporting their local communities, including sponsorship of grassroots sport, donations and fundraising for charities and community groups.

Vertu Vauxhall Keighley was proud to support a local five-year-old boy with suspected Autism smash his fundraising goal for specialist charity, Skipton Extended Learning for All (SELFA), supporting him and his family, after a financial shortfall meant SELFA couldn't operate its vital school holiday sessions.

Vertu Hyundai Sunderland supported two young local gymnasts with a donation towards their competition costs, which culminated with them becoming European Champions, going on to compete at the World Championships.

Colleagues at Vertu SEAT and CUPRA Derby took on the Yorkshire Three Peaks Challenge to raise money for their local Dementia UK community workers, aiming to raise vital funds to support the charity's efforts in offering expert care and guidance to those in need.

Vertu Nissan Halifax hosted a fundraising event in their dealership for a local children's charity, where those attending were only asked to donate a teddy bear in lieu of an entry fee. Along with music, games, a magician and a food truck for the community to enjoy, all the collected bears were packed into a Nissan ARIYA and later donated to the charity too.

In Exeter, Vertu's Volvo dealership helps to keep Devon Air Ambulance running with the support of their vehicle fleet, whilst a team of 12 colleagues from the Group's Jaguar Land Rover dealership participated in Hospiscare Men's Walk, helping to raise more than £120,000 to support the essential services provided by their local hospice.

The above are just a few examples of dealership community support throughout the Group, whilst colleagues in head office at Vertu House have also been involved in charitable initiatives, most notably with the annual football match that saw Vertu and Rotterdam House go up against Digital House to raise funds for automotive industry charity BEN, as well as Mind.

Health and Safety

The Group maintains a consistent entity-wide approach to Health and Safety and environmental matters. The Health and Safety Committee meets monthly to review all aspects of performance, including incidents, and to share best practices across the Group. All line managers receive comprehensive external training to ensure they understand relevant legislation and their responsibilities in this critical area. Clear lines of responsibility are communicated to all colleagues.

At each dealership, the General Manager is primarily responsible for Health and Safety, supported by a dealership Health and Safety Coordinator. The Group Health and Safety Manager monitors compliance with Health and Safety systems, provides support and advice to General Managers, and continually assesses the quality of our systems and outputs, recommending improvements. The Health and Safety Committee reports monthly to the Board, and key findings are regularly communicated to Senior and General Managers to maintain focus on Health and Safety matters.

Our Health and Safety Dashboard, which highlights key risk areas within the dealerships, is a cornerstone of our processes. Consistent reporting on any shortfalls is provided to the Board, allowing the swift identification of locations where attention to this critical area is lacking and the implementation corrective actions.

To manage the Health and Safety risks associated with driving, telematics devices are installed in the cars of the Group's younger drivers, who represent our largest risk population. This system provides real-time reporting on driver behaviour.

Group locations undergo independent external audits without prior warning to assess adherence to our Health and Safety Operating System. The pass mark for these audits is 85%. The results continue to be encouraging, with most dealerships scoring highly. A small number of failed audits result in follow-up visits with the pass mark raised to 90% on this second review. The audit output also provides a list of improvements for each dealership, further enhancing the safety environment for customers and colleagues.

Colleagues

Engaging our Colleagues

The engagement and development of our colleagues is a core strategic priority for the Group. It receives sustained focus across all levels of the business, from day-to-day operations to discussions at the PLC Board. Colleague-related metrics play a central role in our annual Vision and are regularly reviewed in both operational and Board-level meetings to measure our progress and impact.

We are committed to fostering an inclusive, welcoming culture where every colleague feels valued and empowered to reach their full potential. To support this, the Group offers a range of structured development pathways for colleagues at all stages of their careers.

Our recruitment processes are designed to attract talent from a broad range of backgrounds, and our internal development programmes are built to ensure equal opportunity for progression, regardless of background or starting point. This inclusive approach enables us to attract a diverse talent pool and build a strong internal pipeline of future leaders, aligning with the Group's long-term growth strategy.

We actively listen to our colleagues through structured engagement and feedback initiatives, which are regularly deployed across the business. These channels are proving effective in ensuring that colleague voices are heard and represented at the highest levels.

The Board is dedicated to creating an environment where every colleague understands their contribution to the business, feels genuinely valued, and is recognised and rewarded for their efforts.

Colleague Communication

The Group is committed to keeping colleagues well-informed on matters that are important to them. Regular, transparent communication plays a key role in building a successful team, with "Working Together" at the heart of our culture. Recognising individual achievements, both publicly and privately, helps to reinforce behaviours that align with the Group's Values and Mission.

A variety of formal and informal communication channels are used to support this commitment. The CEO shares regular vlogs and blogs, and Group-wide updates on initiatives, benefits and key news are distributed via email, posted on the intranet, and shared through monthly Team Briefs.

These Team Briefs are held across all businesses and are led by General Managers, who ensure colleagues are updated on topics relevant to the Group, their franchise division and the local dealership. These sessions also provide an opportunity to celebrate colleague achievements, highlight available support services and benefits and reinforce the Group's shared values.

Further communication is delivered through regular video updates from members of the operational board, focusing on key colleague-related and franchise-specific topics. Collectively, these efforts contribute to a strong, unified culture and ensure that every colleague remains connected and engaged with the wider business.

Colleague Satisfaction Surveys

A key strand of our workforce engagement strategy is the delivery of an annual comprehensive Colleague Satisfaction Survey which takes place in October each year. This provides colleagues with the ability to provide feedback on a wide range of subjects. The annual survey is followed-up with two shorter pulse surveys which take place in February and June each year.

Colleagues (continued)

Engaging our Colleagues (continued)

Colleague Satisfaction Surveys (continued)

In October 2024, 69.9% of colleagues participated in the annual survey maintaining the participation rate achieved in 2023. 85.4% of colleagues confirmed that they would recommend the Group as a great place to work (2023: 85.9%). In the annual survey, Colleagues have the opportunity to answer a comprehensive list of questions that allow us to identify areas of strength and areas for development across every aspect of the business from their understanding of the Group Vision and objectives, how they feel about their pay and reward level to how well we train and develop and whether or not management live the Group Values. Colleagues can also provide free text feedback which is exceptionally valuable in helping us improve their experience. All feedback is gathered anonymously and trust in the survey is high.

The results of every survey are reviewed at PLC and operational board level, dealership level managers receive the results relevant to their businesses. Areas of opportunity for improvement are identified and where relevant, action plans and management focus is specifically targeted to deliver on these plans.

Colleague Engagement Meetings

A non-executive member of the Board (Pauline Best) undertakes the role of Workforce Engagement Director. Working closely with the Group HR Director, Pauline guides our workforce engagement strategy to ensure that the views and concerns of colleagues are adequately represented and considered by the PLC Board and the senior executive management team, particularly when they are making decisions that could affect the workforce. Suitable and effective feedback is provided to the workforce on what steps have been taken to implement their ideas or address and concerns. From 1 July 2025, Amanda Cox, another non-executive member of the Board, will take on the role of Workforce Engagement Director following Pauline's retirement from the board at the AGM.

A key strand of the workforce engagement strategy involves quarterly colleague engagement meetings which are held in every business across the Group. These meetings follow a standard format and are delivered by the General Manager (with the support of the HR department where required). These meetings are attended by elected colleague representatives and focus on how the Group can deliver a great place to work for colleagues and the Group's sustainability initiatives.

The Workforce Engagement Director and Group HR Director also hold multiple colleague feedback sessions around the Group. These include elected colleague engagement representatives to give their feedback on the Group Colleague Satisfaction Survey results and any other issues that are concerning colleagues.

The Group's workforce engagement strategy links closely to the 'Driving Sustainability' ESG strategy to ensure that colleagues are engaged with, and able to have an impact on, the wider Group strategy in these areas, including discussions around the Group's 'War on Waste' programme.

Colleague feedback is collected, considered and progressed to the operational board and Board where specific time is allocated to consider it.

Colleague Recognition Programmes

The Group operates a range of formal colleague recognition programmes designed to celebrate talented, committed individuals who deliver exceptional results and embody the Group's Values and culture.

A key part of this strategy is The Masters Awards, a non-management programme that recognises exceptional personal performance, high standards of quality (such as positive customer outcomes), and outstanding behaviours that contribute to the Group's culture. There are several categories of awards some of which are by nomination, whereby Colleagues are nominated by their peers across various award categories, culminating in the selection of a Dealership Colleague of the Year and a Divisional Colleague of the Year. This inclusive approach encourages engagement and reinforces the behaviours that define our culture.

Colleagues (continued)

Engaging our Colleagues (continued)

Colleague Recognition Programmes (continued)

The Elite Sales Guild recognises the Group's top 50 sales executives, based on either volume or customer service excellence. Members receive public recognition, exclusive development opportunities, and tailored training to further enhance their performance and contribution.

At the leadership level, the CEO Management Awards, presented each December, highlight high-performing managers who have demonstrated outstanding delivery against the Group's annual Vision.

Additionally, Colleague of the Month awards are presented across dealerships and support centres as part of the monthly Team Briefs, ensuring regular recognition of everyday excellence.

The Group also recognises colleagues with long service, with specific recognition for those reaching key milestones such as 10, 15, 20 and even 60 years within the Group. This recognition programme includes celebratory social events, which bring together long-serving colleagues and the Group's senior management team as a thank you for their commitment. These colleague award programmes are designed to reward and reinforce behaviours underpinning both Group financial performance and other strategic objectives including the delivery of an outstanding customer experience.

In order to develop a culture that is positive and contributes to the Group performance, seven core values are used extensively in the business to signpost desired behaviours. These are as follows:

Values

- **Passion**

  We are proud of our Company and dedicated to its purpose. We are enthusiastic, enjoy challenges and are eager for success.
- **Respect**

  We are friendly and courteous in all our relationships with colleagues, customers, and suppliers.
- **Professionalism**

  We are reliable and consistent, and we excel in the standards and presentation of our people, products and premises.
- **Integrity**

  We are trustworthy and honest in all that we say and do and take responsibility for our own actions.
- **Recognition**

  We appreciate the endeavours of our colleagues. We praise their achievements and enjoy celebrating their success.
- **Opportunity**

  We have a vision of what can be achieved and provide colleagues with personal development, supportive training and exciting career progression.
- **Commitment**

  We are all determined to achieve total customer satisfaction by providing a service built on trust.

Diversity and Inclusion

The Group is focused on the attraction, recruitment and development of colleagues who embody what we call the five unteachable attributes, namely, Character, Attitude, Energy, Drive and Talent, irrespective of background. Our recruitment processes are structured to attract applicants from a wide range of backgrounds to maximise the opportunity for talented individuals to apply to work for the Group. The Group believes that appointments into all roles or into internal talent programmes should be based on the individual's suitability for a particular post or potential to develop and without reference to demographics factors or personal characteristics. The principle of equality of opportunity for all colleagues is woven into our development and recognition programmes.

Colleagues (continued)

Diversity and Inclusion (continued)

The motor retail sector within which the Group operates has traditionally attracted higher proportions of male applicants into entry level roles, specifically Sales Executive and Technician roles and this remains the case today. The Group has taken specific steps, including implementing a Sales Advisor role, and introducing a Customer Service Apprenticeship scheme to attract more female and out of sector applicants to help address this imbalance. The Group is a member of the Automotive 30% Club, which is focused on achieving a better gender balance within the automotive industry, and with the aim of filling at least 30% of key leadership positions in the member organisations with women by 2030 through a "30 by 30" strategy. The Group's current gender split is 25% female and 75% male.

The Group's aim is to attract and retain the best people from within and beyond the automotive retail sector whilst observing best practice in employment policies and procedures through a commitment to:

- Offering equal opportunities in recruitment and promotion;
- The continuous development of all colleagues;
- Encouraging internal promotion;
- Using progressive, consistent and fair selection methods;
- Offering family friendly policies and ensuring colleagues are treated with respect and dignity in an environment where no form of intimidation or harassment is tolerated.

Employment, career progression and development of disabled people is considered on merit with regard only to the ability of the applicant to carry out the function required. Arrangements to enable disabled people to carry out the function required will be made if it is reasonable to do so. A colleague becoming disabled would, where appropriate, be offered retraining and support to continue in their role where possible.

Group Colleagues Gender Split:

	At 28 February 2025			At 29 February 2024		
	Female	Male	Total	Female	Male	Total
Directors	3	5	8	2	6	8
Group Senior Managers	7	55	62	8	56	64
All Colleagues	1,900	5,691	7,591	1,891	5,719	7,610

Learning and Development

The Group invests in the personal development of every colleague. This includes the provision of a comprehensive online personal development programme for all colleagues, operated in partnership with Dale Carnegie training.

The Group's 'Active Training' team provide programmes ranging from sales and aftersales process training to management and leadership development as well as compliance and technical training. All colleagues also have access to an e-learning platform containing a wide range of relevant modules. Certain e-learning modules are set as required learning whilst others can be accessed to widen a colleague's understanding beyond what would be expected for their role. In response to the increasing prevalence of mental health issues in society, the Group has also invested in training for all managers to identify and support colleagues in this area. The Group is in the process of rolling out comprehensive coaching training for all line managers to further support the development of colleagues and ensure that managers are equipped to nurture and develop talented colleagues.

Colleagues (continued)

Learning and Development (continued)

A significant number of leadership development programmes are operated by the Group including many in partnership with Dale Carnegie training. Over 10% of the Group's management will progress through these programmes during FY26. Selection for development through the Group's leadership programmes is made through the application of a talent strategy model which links both current performance and individual behaviour to identify potential.

The Group also operates a substantial apprenticeship programme in partnership with the Group's Manufacturer partners, with circa 400 apprentices currently engaged in training.

The Group also offers access to an 'Evolution' programme which provides a development path for promising non-management colleagues in the areas of sales, aftersales and finance to line management roles. This programme has been operating for over 8-years and has developed a pedigree of delivering management level appointees to support the Group's growth strategy. The programme has supported the development of a disproportionate number of female colleagues into management roles over recent years, helping to improve gender balance in management positions.

Our Next Generation Senior Development Programme launched in FY24 continues to operate with the aim of developing senior managers into director level positions.

Whistleblowing

The Group has a long-established whistleblowing policy and process, where all colleagues may, in confidence, report any concerns where the interests of the Group or others are at risk. Colleagues are encouraged in this first instance to talk to their line manager, member of the HR team or a higher level of management. Where the circumstances mean this is not possible, or is inappropriate, colleagues can access an independent, external whistleblowing helpline.

All reports received via this helpline are treated in the strictest confidence and are typically investigated by the Group's employee relations team. The output of these investigations is reviewed by the Group HR Director, General Counsel and other senior management colleagues as appropriate, dependent upon the nature of the report.

Anti-fraud, Bribery and Corruption

The Group has an anti-corruption and bribery policy which sets out the standards that are expected of colleagues and the procedures in place to minimise the opportunity for corrupt behaviours. The policy applies to all colleagues and includes guidance on the giving, receiving, and recording of business gifts and hospitality.

A fraud register is maintained by the Group and any items recorded on this register are investigated by the Group Head of Risk and reported to the Audit Committee.

Preventing Modern Slavery

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. The Group applies a zero-tolerance approach to modern slavery and is committed to acting ethically and with integrity in all our business dealings and relationships and to implement and enforce effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains.

Risk Management

Process

THE BOARD
Responsibility for identifying significant risks, determining the Group's risk appetite and oversight of the principal risks to the Group's strategic objectives

HEALTH AND SAFETY COMMITTEE
Delegated responsibilities for compliance with Health & Safety and Environmental law and regulations

AUDIT COMMITTEE
Delegated responsibility from the Board for risk management and Internal Controls

COMPLIANCE COMMITTEE
Delegated responsibility from the Board for Compliance and Whistleblowing

INTERNAL AUDIT
Responsibility for reviewing financial and operational controls, monitoring risk capture and mitigating actions, reporting to the Audit Committee

CHIEF EXECUTIVE'S (CEO) COMMITTEE
Key day to day risk oversight is managed through the CEO Committee which is chaired by the Group Chief Executive Officer

Financial and Business Reporting

The Board is responsible for presenting a fair, balanced and understandable assessment of the Group's position and prospects. A statement of the Directors' responsibilities for preparing the Annual Report and financial statements is set out on page 88. The statement by the auditors about their reporting responsibilities is given on pages 95 and 96.

Risk Appetite Statement

Taking considered risks is essential to the achievement of the Group's strategic objectives and delivering long-term value to our shareholders. Our risk appetite reflects our commitment to sustainable growth, operational excellence, and responsible governance.

The Board adopts a balanced risk appetite, where a moderate level of risk is accepted where it supports innovation, competitiveness, and strategic progress, while remaining cautious in areas that could significantly impact our financial stability, customer trust, regulatory compliance, or brand reputation.

Specifically:

Strategic and Commercial Risks: moderate levels of risk are accepted in pursuit of growth, market expansion, and digital innovation, where strict investment metrics are expected to be met, there is a clear business case and plan for delivery.

Operational Risk: We have a low to moderate appetite for operational risks. We invest in strong relationships with our Manufacturer partners and have developed systems and processes to minimise disruptions. Ensuring we have the right leadership and teams in place is critical alongside first class training delivery.

Financial Risk: We maintain a conservative stance on financial risk, including debt appetite, to ensure the Group remains financially sound.

Compliance and Regulatory Risk: We have no appetite for breaches of laws and regulations. We are committed to meeting all legal and regulatory obligations and upholding the highest standards of corporate conduct.

Reputational Risk: We have a very low appetite for risks that could materially damage our brand, public trust, or relationships with key stakeholders.

Risk Management (continued)

Risk Management and Internal Controls

The Board is responsible for establishing and maintaining adequate internal controls over regular financial reporting for the Group, including the consolidation process. There is a comprehensive system of internal controls in place, including the Annual Business Plan ("Plan") which is reviewed and approved by the Board. Monthly actual results are reviewed by management against both the Plan and prior year results. All data to be consolidated in the Group's financial statements is reviewed thoroughly by management to ensure that it complies with relevant accounting policies and the financial reporting presents a true and fair reflection of the financial performance and position of the Group.

The Board has overall responsibility for risk management, including the assessment of risk appetite set out above, and is advised of key risks facing the Group on a regular basis with a formal review of the most significant risks annually, or more frequently if required. The Board takes a proactive approach to the management of all forms of risk, and views risk management as a vital constituent of its commitment to provide value protection and growth for its various stakeholders. The internal controls system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives and can, therefore, only provide reasonable, rather than absolute, assurance against material misstatement or loss. The Board regularly reviews the risks to which the Group is exposed, as well as the operation and effectiveness of the system of internal controls.

The day-to-day responsibility for compliance and certain regulatory activities has been delegated to the Compliance Committee, chaired by the COO and made up of members of senior management including the CFO and Company Secretary. This includes the Group's compliance with regulation under the requirements of the Financial Conduct Authority (FCA), the Advertising Standards Authority, the Trading Standards Institute, the Data Protection Act and all other applicable regulations.

Oversight of health and safety and environmental regulatory risk is delegated to the Health and Safety Committee, made up of members of senior management.

The Board's approach involves identification of material risks including climate related risks that may restrict the Group's ability to meet its objectives, the assessment of these risks in terms of impact, likelihood and control effectiveness, and the establishment of risk management strategies. For some key risks, where it is considered necessary, specialist advice is sought from external agencies and professional advisers.

Risk Management (continued)

Principal Risks and Uncertainties

There are certain risk factors which could result in the actual results of the Group differing materially from expected results. These factors, as set out below, are not an exhaustive list of all the potential risks and uncertainties that could adversely impact the Group's results:

STRATEGIC

	Description of risk	Impact	Mitigation
1	Failure to deliver on the strategic goal of the Group to acquire and consolidate UK motor retail businesses	Stalled growth of the Group and associated shareholder returns Reputation risk	• Maintain strong relationships with Manufacturer partners to ensure that the Group remains a valued and relevant candidate for any potential franchised network development opportunities • Thorough reviews of acquisition opportunities to ensure Group investment hurdles are met • Established process for swift integration of acquired businesses into the Group
2	Failure to meet competitive challenges to our business model or sector	Loss of customers to competitors Reduced profitability	• The Group's scale, technological capability and diversification creates the ability to capitalise on market opportunities • Omni-channel development / digital prowess • Customer experience focus of the Group attracts customer loyalty • Ongoing monitoring to identify emerging competitive threats and act on these quickly
3	Advances in vehicle technology provide customers with mobility solutions which bypass the dealer network	Business model becomes obsolete	• Maintain strong relationships with Manufacturer partners to work closely with them as the future shape of the sector evolves • Establish sufficient scale with Manufacturer partners to ensure the Group is a key part of their route to market • Provide Manufacturer partners with excellent retail facilities and customers with excellent services, to ensure Group is successful in the event of significant industry consolidation • Build on the Group's established on-line sales capability

BRAND PARTNERS AND REPUTATION

	Description of risk	Impact	Mitigation
4	Inability to maintain current high quality relationships with Manufacturer partners	Impact on our ability to retain existing contracts and to take on new opportunities for growth	• Group Vision and Values set the tone from the top to deliver strong service to our Group stakeholders • Constant focus on improvement in performance and effective communication with our Manufacturer partners to ensure that our objectives are closely matched to theirs

Risk Management (continued)

Principal Risks and Uncertainties (continued)

ECONOMIC, POLITICAL AND ENVIRONMENTAL

	Description of risk	Impact	Mitigation
5	Economic conditions, including geopolitical impacts	Volume and margin are affected particularly in vehicle sales Amendments to franchise contracts, embracing new legislation	• Close monitoring of UK economic conditions • Maintain close relationships with Manufacturer partners • Focus on retention initiatives particularly in aftersales • Focus on cost control
6	Market and environmental considerations impact on vehicle supply and values	Vehicle supply constraints as a result of vehicle component shortages, government regulation and new entrants in the used vehicle market	• Daily monitoring of used vehicle market to detect pricing movements and react to changes. • Real time inventory management and control to enable the Group to react quickly to pricing changes

LEGAL AND REGULATORY

	Description of risk	Impact	Mitigation
7	Litigation and regulatory risk in an environment of ever increasing regulatory scrutiny	Litigation or breaching regulations could have a financial impact and/or reputational impact	• Standard Group-wide policies and procedures are in place to ensure compliance with relevant regulations, adherence to which is overseen by the Compliance Committee • In-house developed sales system to ensure regulatory compliance and ease of customer journey, with key checks in place • Risk management programme in place aimed at preventing issues in the first instance but also providing appropriate response to any issues that do arise • Continuation of Group focus on customer experience and a partnership approach with its Manufacturer partners, to minimise impact of regulatory changes, and ensure continued customer relationship
8	Failure to comply with Health and Safety (H&S) Policy	Injury to customers or colleagues	Group has a dedicated H&S Manager Group H&S Committee monitors compliance and recommends any corrective or preventative actions Training for all colleagues Specific H&S dashboard developed, monitoring KPIs Independent external H&S audits carried out

Risk Management (continued)

COLLEAGUES

	Description of risk	Impact	Mitigation
9	Failure to attract, develop and retain talent	Unable to deliver on business plans Potential for wage inflation Colleagues who lack motivation and engagement	• Colleague engagement forums, driving actions • Annual colleague satisfaction survey and action planning based upon the results • Significant investment in on-line and formalised training and development programmes delivered by in-house training department and external trainers as appropriate • Talent review and succession plans in place

SYSTEMS AND TECHNOLOGY

	Description of risk	Impact	Mitigation
10	Failure of Group information or telecommunication systems	Business is interrupted	• Robust business continuity process has been developed • Operation of this process is regularly tested, reviewed and updated as necessary
11	Group or key system provider is targeted for malicious cyber attack	Business is interrupted Data is compromised	• Robust business continuity process has been developed • Upgraded all devices and users with endpoint and web security • Managed Detect and Response service initiated with NCC Group provides 24/7 monitoring 365 days a year • 'Be Aware' cyber risk training completed by all colleagues. • Penetration and vulnerability testing reviewed regularly to assess new threats

FINANCE AND TREASURY

	Description of risk	Impact	Mitigation
12	Availability of credit and vehicle financing	Inability to secure funding impacting on distribution sales or expansion opportunities	• Detailed working capital cash flow monitoring in place • Maintain relationships with key banks • Leverage Group relationship with OEM finance companies and retail finance providers
13	Use of estimates	Variance in accounting judgement impacts profitability	• Key accounting judgements are reviewed on a regular basis to ensure these remain appropriate • Regular review of changes in accounting standards framework to assess any likely impact on the Group
14	Currency risk	Fluctuation in exchange rates impact the profitability of our manufacturer partners which may change their prices or support packages to the dealer network	• Portfolio of manufacturer partners spreads potential risk • No material foreign exchange transactions are undertaken directly by the Group

CLIMATE RELATED

	Description of risk	Impact	Mitigation
15	Impact of the transition to lower emissions alternatives and Battery Electric vehicles (BEV) in line with the UK Government ZEV mandate timeline	Vehicle Emission Trading Scheme (VETS) compliance. Retail demand for BEV may not match required VETS sales targets. BEV vehicles changing aftersales work.	• Focus on the delivery of excellent customer experiences to ensure retention • Ensure the Group has the right technology and training in latest vehicle models • Maintain close relations with Manufacturer partners • Introduction of retail Smart Repair
16	Potential for changes in cost base driven by climate goals	BEV currently more expensive than ICE vehicles. Cost of missing VETS targets for Manufacturers Increasing cost of compliance with changing legislation. Investment in BEV tools and charging infrastructure.	• Maintain close relationships with Manufacturer partners • Monitor regulatory changes • Focus on sustainability goals • Ensure appropriate capital allocation
17	Physical risks	Climate change may result in extreme heat or increased risk of flooding. Possibility of business interruption within the Group's extensive network of dealerships.	• Business continually planning for location identified as at greater risk of flooding • Maintain heating and ventilation systems and drainage • Maintain adequate insurance cover • Ensure appropriate capital allocation

Viability and Going Concern

Viability Statement

Assessment of Prospects

The Group's business model and strategy are central to an understanding of its prospects. The Group's strategy is to grow a scaled automotive retail group in both volume and premium motor retail franchises, by acquisition or organic growth through enhanced performance. Further details of the Group's strategy can be found in the Strategic Report. The nature of the Group's activities is long-term, and the business model is open-ended.

The Assessment Process and Key Assumptions

The Group's prospects are assessed primarily through its strategic planning process. This process includes a detailed annual business plan review, led by the CEO through the Chief Executive's Committee.

The Board participates fully in the annual process through both the review and approval of the annual business plan and through annual strategic reviews. Part of the Board's role is to consider whether the plan continues to take appropriate account of the external environment including macroeconomic, political, social, environmental and technological changes. The output of the annual review process is an analysis of the risks that could prevent the plan from being delivered and financial forecasts highlighting the impact of the strategic plan. The latest updates to the strategic plan were finalised in February 2025 following this year's review.

This considered the Group's current position and the development of the business as a whole, and the Board assessed the viability of the Company over the three-year period to 29 February 2028.

The Directors believe that a three-year period is appropriate as the Group's financial forecasting encompasses this period.

Financial forecasts were prepared for the three-year period to 29 February 2028, so that two years nine months remains at the time of approval of this year's annual report. The first year of the financial forecasts comprised of the Group's detailed business plan. Years two and three of the forecasts are extrapolated from the first year, based on the overall content of the strategic plan.

The key assumptions in the financial forecasts, include:

- The Core Group with no acquisitive growth beyond a known pipeline, reflecting the Strategic and Brand Partners principal risks set out on page 49 of the Strategic Report.
- Prudent growth assumptions in both volume and margin, reflecting the risks set out on pages 49 to 53 of the Strategic Report.

The Group's banking facilities were renewed in FY23 for an initial three year period with an option to extend to December 2026, and a further option to extend to December 2027. The first of these extensions was completed during the year ended 29 February 2024 and the final extension was completed during the year ended 28 February 2025 such that the facility is currently in place until December 2027.

The Group is also funded by three mortgage facilities, the largest of which is a 20-year facility expiring in 2043.

The Board carried out a robust assessment of the principal risks facing the Group and the purpose of the principal risks on pages 49 to 53 is primarily to summarise those matters that could prevent the Group from implementing its strategy. A number of other aspects of the principal risks, because of their nature or potential impact, could also threaten the Group's ability to continue in business in its current form if they were to occur. This was considered as part of the assessment of the Group's viability, as explained below.

Viability and Going Concern (continued)

Viability Statement (continued)

Assessment of Viability

Although the strategic plan reflects the Directors' estimate of the future prospects of the business, the Board has also considered the potential impact on the Group of a number of scenarios over and above those included in the plan, that would represent serious threats to its liquidity. The principal risks and mitigation steps that the Board considered as part of this viability assessment are set out in pages 49 to 53 of the Strategic Report. The Group also mitigates the principal risks it faces through the diverse revenue generation from all parts of the vehicle cycle, range of franchise representation and investment in complementary business streams together with regular monitoring to identify change quickly. The Board believes that the Group is well placed to manage its business risk successfully.

Based on their assessment of prospects and viability as set out above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 29 February 2028.

Going Concern

By their very nature forecasts and projections are inherently uncertain. Based on what is known at this time and based upon the forecast information available, the Directors believe it appropriate to prepare accounts under the going concern basis. Therefore, the financial statements do not include the adjustments that would result if the Group and Company were unable to continue as going concerns.

On behalf of the Board

Robert Forrester
Chief Executive Officer
13 May 2025

Karen Anderson
Chief Financial Officer
13 May 2025

Corporate Governance Report

Chairman’s Corporate Governance Statement

I am pleased to present the Group’s Corporate Governance Report for this year. As Chairman, my role is to lead the Board, ensuring it operates effectively, and I take overall responsibility for the governance framework of the Company.

We continue to report under the QCA Corporate Governance Code (“QCA Code”) and this report sets out how we comply with, and have applied, the principles and Code during the year. This year’s report reflects the updated 2023 QCA Code for the first time.

As previously stated, the Group continued to deliver on its strategy. The Board continues to work and interact well together through both its regular formal meetings and other ad-hoc contacts and the new directors (referred to previously and below) are integrating well. The full integration of the three newest directors, alongside the loss of Pauline Best from the Board this year are a priority to ensure that the Board continues to operate effectively.

The Group’s sustainability strategy builds on the Group’s long track record of making a positive contribution to Colleagues and the communities it operates in, and outlines the Company’s ambition to drive the sustainability agenda in the years ahead. The strategy includes updates on the targets and goals aligned to the strategic objectives of the Group.

The Group has had a consistent set of Values since its inception. These values are at the heart of Group culture and are embedded throughout the Group as described in the Group Strategy and Colleagues sections. All decisions by the Board reflect these Values to ensure that the culture is maintained and all Group premises display and actively refer to the Values regularly. The colleague feedback survey indicated that this culture continues to be very strong. The Board reviews this in detail each year as well as the results of the quarterly snapshot of colleague sentiment about the Group.

Changes During the Year

One new Non-executive Director joined the Board during the year, Amanda Cox. We lose an experienced member of the Board, in Pauline Best, at the end of May 2025, but are confident that we have a very able replacement on the Board in Amanda Cox. Amanda and Pauline have had an overlap period to help effective handover of the Remuneration Committee Chair role. Amanda will replace Pauline as Chair of the Remuneration Committee following Pauline’s term ending at the end of May 2025. David Gillard will replace Pauline as the Senior Independent Director at the same time.

The Board undertook an annual board evaluation in April 2025 through an anonymous survey by the Board. This survey was expanded into new areas this year following a review of the items covered, and re-designed to draw out more detailed responses and actions. This followed the requirements of the QCA Board Performance Review Guide in most areas.

The results from the evaluation are due to be reviewed in individual director meetings with an external facilitator (a previous non-executive director, Kenneth Lever) and then at a full board meeting in the next few months to establish actions for the coming year.

Annual evaluations will continue to take place early in each calendar year going forward with a review each year of how the process can be improved.

Annual appraisals of the Executive Directors, with the CEO appraised by the Chairman, have also been carried out.

The Board also reviewed the expertise and skillsets of the Directors in early 2025 to identify strengths and weaknesses across the Board as a whole. The Board has members with a variety of professional backgrounds and experiences from diverse sectors.

The Board provides sessions for Directors as part of Board meetings to update the Board on relevant changes and ensure they remain up-to-date, including on sector issues and regulatory changes.

This year’s Annual General Meeting (“AGM”) will be held on 25 June 2025.

Andrew Goss
Non-executive Chairman
13 May 2025

Corporate Governance Report (continued)

QCA Code Principle 2023	Where to find out more (page)
1. Establish a purpose, strategy and business model which promote long-term value for shareholders.	Group Strategy – pages 11-20
2. Promote a corporate culture that is based on ethical values and behaviours.	Group Strategy – pages 11-20 Division of Responsibilities – page 63-64
3. Seek to understand and meet shareholder needs and expectations.	Engaging with Stakeholders – page 5-8 Non-Financial and Sustainability Information Statement – page 33-40
4. Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success.	s172 statement – pages 5-8 Non-Financial and Sustainability Information Statement – page 33-40
5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation.	Non-Financial and Sustainability Information Statement – page 33-40 Risk Management – pages 47-53 Audit Committee Report – page 67-70
6. Establish and maintain the Board as a well-functioning balanced team led by the Chair.	Board Leadership – pages 58-62 Division of Responsibilities – page 63-65 Appointment and Powers of the Company's Directors – page 66 Board Leadership – pages 58-62
7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities.	Division of Responsibilities – page 63-65 Audit Report – pages 89-96 Board Leadership – pages 58-62 Chairman's Corporate Governance Statement page 56 Skills – page 61
8. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	Chairman's Corporate Governance Statement page 56
9. Establish a remuneration structure which is supportive of long-term value creation and the company's purpose, strategy and culture.	Remuneration Committee Report – pages 71-79
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.	Remuneration Committee Report – pages 71-79 Audit Committee Report – page 67-70

Board Leadership

Board of Directors

The Board has five Non-executive Directors including the Chairman, together with three Executive Directors. The Chairman was considered independent on appointment and the other Non-executive Directors are considered to be independent.

Andrew Goss
Non-Executive Chairman

Appointed 3 September 2018 as director
24 July 2019 as Chairman

Committee Membership
Audit Committee, Remuneration Committee, and Chair of the Nominations Committee

Relevant Experience

Andrew (68) brings to the Group over 40 years of experience in the automotive sector, having held senior roles in Citroen UK, Nissan Europe, Lexus (GB), Toyota (GB), Porsche and most recently Jaguar Land Rover and Lotus. Between 2010 and 2013 Andrew headed Jaguar Land Rover's business in North America as its President and CEO, and between 2013 and 2018 he sat on the Jaguar Land Rover Board as Global Sales Operations Director. During this period, he also represented Jaguar Land Rover in its joint venture interests in China and in its Spark 44 advertising agency.

David Gillard
Non-Executive Director
(will be Senior Independent Director from 1 June 2025)

Appointed 2 January 2024

Committee Membership
Nominations Committee and Remuneration Committee and Chair of the Audit Committee,

Relevant Experience

David (62) is an experienced financial professional having held several senior finance positions in the UK and overseas including Group Finance Director and Deputy to the Managing Partner of DAC Beachcroft LLP, the international law firm. David is also a Non-Executive Director and chair of the Audit Committee at Bradford and Sons Limited, a builder's merchant. He is also Chair of the Audit Committee and Chair of BSH Pension Trustee Limited.

Pauline Best
Non-Executive Director
(Senior Independent Director until 1 June 2025)

Appointed 31 May 2016

Committee Membership
Audit Committee, Nominations Committee and Chair of the Remuneration Committee

Relevant Experience

Pauline (62) is an experienced Human Resources professional who is Chief People Officer of Specsavers and whose previous roles include Global Leadership and People Capability Director for Vodafone and Human Resources Director of Talkland.

Pauline's human resources and people experience is invaluable as Chair of the Remuneration Committee, and she also brings that perspective to the Board. Pauline is also the Senior Independent Director and designated Non-executive Director for workforce engagement.

Board Leadership (continued)

Board of Directors (continued)

John Mewett
Non-Executive Director

Appointed 6 June 2023
Committee Membership
Audit Committee, Nominations Committee and Remuneration Committee

Relevant Experience

John (57) has over 25 years of retail experience having held roles such as Marketing Director and Digital Director and is currently Chief Executive Officer of Screwfix, part of the Kingfisher plc Group.

Amanda Cox
Non-Executive Director

Appointed **1** January 2025
Committee Membership
Audit Committee, Nominations Committee and, from 1 June 2025, will be Chair of the Remuneration Committee

Relevant Experience

Amanda (55) has extensive UK retail experience with human resource roles at Asda and stores management roles at Marks and Spencer. She is now Chief People Officer and Stores Director at Dunelm group plc, the homewares retailer.

Robert Forrester
Chief Executive Officer

Appointed 6 November 2006

Relevant Experience

Robert (55) was a Director of Reg Vardy plc between 2001 and 2006 where he held the roles of Finance Director and Managing Director. Robert qualified as a chartered accountant with Arthur Andersen. He was also a member of the Economic Growth Board of the Confederation of British Industry. Robert founded the Company in 2006.

David Crane
Chief Operating Officer

Appointed 26 July 2018

Relevant Experience

David (57) was appointed as Commercial Director of the Group in February 2007 having been previously at Reg Vardy PLC since 1999. He was Commercial Director of Reg Vardy PLC between 2004 and 2006, until the sale of Reg Vardy PLC to Pendragon PLC in February 2006, at which point he was appointed Group Services Director of Pendragon PLC. Prior to his employment with Reg Vardy PLC he was Aftersales Operations Manager at Renault UK between 1991 and 1999. He was appointed to the position of COO in March 2016.

Karen Anderson
Chief Financial Officer

Appointed 1 March 2019

Relevant Experience

Karen (53) was the Finance Director of the Group from 2006 to 2010 through its initial flotation and growth period and stepped back into the Chief Financial Officer role from her role as Deputy CFO and Company Secretary.

From 2001 to 2006 she was employed by Reg Vardy PLC, where she ultimately held the position of Group Financial Controller. Karen qualified as a chartered accountant with Arthur Andersen.

Karen has a wealth of motor industry finance experience together with detailed knowledge of the operations of the Group, having helped to found the Company in 2006.

Board Leadership (continued)

Board Meetings and Attendance

Board meetings are structured to allow the Board sufficient time to discuss and review financial performance, achievement of objectives, development of the Group's strategy, operational performance and risk and internal controls. Standing agenda items are discussed at each Board meeting, which include:

- Executive Directors' Reports – update on performance, strategic opportunities, industry and property matters compliance update and colleague matters
- Health and Safety Report – Summary of training undertaken throughout the Group, risk management plus commentary on any reported incidents
- Investor Relations ('IR') Report – update on market trends, share register movements and summary of IR activity
- Compliance – Update from the Chair of the Compliance Committee on current issues and regulatory changes

During the financial year the Board has met formally 9 times in person and 7 times on other occasions via Teams video call. The number of meetings attended by each Director was as follows:

	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS		NOMINATION COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS	
	SCHEDULED	ATTENDED	SCHEDULED	ATTENDED	SCHEDULED	ATTENDED	SCHEDULED	ATTENDED
A P Goss	16	16	3	2	3	3	7	7
R T Forrester	16	16	-	-	-	-	-	-
D P Crane	16	16	-	-	-	-	-	-
K Anderson	16	16	-	-	-	-	-	-
K Lever	5	5	1	1	1	1	2	2
P Best	16	13	3	2	3	3	7	6
J Mewett	16	15	-	-	1	1	2	2
D Gillard	16	16	3	3	3	3	7	7
A Cox	2	2	-	-	1	1	2	2

Conflicts

Any potential conflicts of interest with individual Directors are reviewed annually to ensure that there is no impact on a Director's judgement. The Board's committees have non-executive membership and leadership, where appropriate.

Time Commitment

All Non-Executive Directors are required to devote sufficient time to meet their Board responsibilities and demonstrate commitment to their role, including understanding the Group's business. The time commitment varies for each individual Director but as a minimum two days per month is expected. All Executive Directors are full-time and are ordinarily expected to devote their full time and attention to the Group.

Additional Appointments

All Directors are required to consult with the Chairman and obtain Board approval before taking on any additional appointments. Executive Directors are not permitted to take on any other substantial appointment. As part of the selection process for any new Board candidates, any significant external time commitments are considered before an appointment is agreed.

Board Leadership (continued)

Skills

The Board recognizes the importance of ensuring that Directors maintain and enhance their skillsets to effectively fulfil their roles and responsibilities. Throughout the Year, Directors have engaged in various activities aimed at keeping their knowledge and skills current:

1. Training and Development Programs: Directors participate in tailored training sessions designed to address the evolving regulatory environment as and when required.
2. Professional Development: Directors are encouraged to pursue continuous professional development through attendance at relevant seminars, workshops, and conferences. This enables them to stay abreast of the latest developments in their respective fields and to bring fresh perspectives to the Board.
3. Peer Learning and Knowledge Sharing: The Board fosters a culture of peer learning and knowledge sharing. Directors regularly engage in discussions and knowledge exchange sessions, both formally and informally, to share insights and best practices.
4. External Expertise: Where necessary, the Board seeks external expertise to provide additional insights and guidance on specific matters. This ensures that directors have access to the latest information and expert opinions to inform their decision-making processes.
5. Board Evaluations: The Board's evaluations of the Directors' skills act to identify areas for improvement. Feedback from this year's evaluation will be used to tailor development activities.

Access to Advice

Should any Director judge it necessary to seek independent legal advice about the performance of their duties with the Company, they are entitled to do so at the Company's expense. All Directors have access to the advice and services of the Company Secretary for advice on their responsibilities or relevant regulation for advice on their responsibilities or relevant regulation. The Senior Independent Director also acts as a sounding board for Directors to ensure they benefit from the Senior Independent Director's experience.

Board Leadership (continued)

Key Areas of Board Focus During the Year

STRATEGY	FINANCIAL PERFORMANCE	GOVERNANCE	SHAREHOLDER ENGAGEMENT	RISK
Group strategy review Business development Reviewing M&A opportunities Approval of annual business plan and capital budget Review of colleague engagement survey and colleague engagement meeting feedback	Approval of the FY2025 full year results and FY2025 interim results Monthly management accounts and comparison against annual business plan Long range forecast and funding requirement planning	Re-appointment of auditors Monitoring Compliance and Health and Safety Committees Monitoring implementation of the consumer duty by the FCA regulated entities in the Group Monitoring the culture and Values including colleague survey feedback Monitoring the FCA investigation into commission structures and disclosure and the actions and responses taken by the Group Developing the Group’s consideration, and reporting, relating to TCFD	Annual General Meeting Meetings with key shareholders on results roadshows	Annual review of key Group risks and mitigating controls, including TCFD elements. Approval of the Group’s hedging strategy

Division of Responsibilities

The table below shows the key committees and their responsibilities.

	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE	CEO COMMITTEE	COMPLIANCE COMMITTEE	HEALTH AND SAFETY COMMITTEE
Members	PLC BOARD COMMITTEES					
	• D Gillard (Chair) • A P Goss • P Best • D Gillard • J Mewett • A Cox	• P Best (Chair) • J Mewett • A P Goss • D Gillard • A Cox	• A P Goss (Chair) • J Mewett • P Best • D Gillard • A Cox	• R T Forrester (Chair) • D P Crane • K Anderson • N Loose • 12 Senior Managers	• D P Crane (Chair) • K Anderson • N Loose • 6 Senior Managers • Regular attendance by Audit Chair • Annual attendance by PLC directors • Twice yearly attendance by Operations Directors	• 9 Senior Managers • H & S Manager
Delegated authorities	• Financial reporting • Financial risk management • Internal control	• Remuneration policy • Incentive plans • Performance targets	• Balance of the Board • Leadership of the Group • Director succession planning	• Review, communication, delivery and management of Group strategy and day to day operations	• Compliance with laws and regulations (excluding Health & Safety and environmental) • Whistleblowing procedures • Communication with regulators where required	• Compliance with Health & Safety and environmental law and regulations • Developing Group best practices
Reviews	• Full year and half year results • Accounting policies • Terms of engagement of auditors • Internal audit	• Achievement of performance targets for short and long term incentives • Senior management pay structure	• Composition of the Board • Skills, knowledge & experience on the Board • Diversity	• Group HR and IT strategy • Allocation of resources (financial and colleague) • Group performance	• Adequacy and effectiveness of Group policies in response to current law and regulation • Licences and consents required • Internal regulatory audit	• Health & Safety policies and procedures • Health & Safety audits • Accident statistics and causes
Recommends	• Re-appointment of auditors • Audit tender • Auditors' remuneration	• Level and structure of Executive remuneration • Remuneration policy	• Appointments to the Board	• Annual business plan to the Board • Group Vision	• Training • Policy change • Remedial or pre-emptive action	• Training • Policy change • Remedial or pre-emptive action
Monitors	• Integrity of financial statements • Effectiveness of internal controls and risk management • Internal audit function • Legal & regulatory requirements • External audit	• Appropriateness of Remuneration policy	• Independence of Non-Executive Directors • Succession planning	• Performance against key performance indicators, plans and prior year • Compliance with Group risk management strategy, policy and procedures	• Appropriate retail finance metrics • Indicators of non-compliance with policy • Any relevant complaints • Legal and regulatory developments • Implementation of Consumer Duty	• Accidents and near misses • Changes to law and regulations • New sites to the Group and redevelopments • Other changes in working practice
Approves	• Statements in Annual Report concerning internal controls and risk management	• Remuneration policy • Remuneration packages for Executive Directors • Design of share incentive plans	• Appointments for Executive Directors • Skills profile for Non-Executive Directors	• Appointments to dealership management positions • Performance related remuneration of dealership colleagues • Operational process and changes	• Reports to the Board • Submissions to relevant authorities • Changes to relevant policies and processes • Training programmes • Whistleblowing procedures	• Reports to the Board • Changes to relevant policies • Training programmes

Division of Responsibilities (continued)

Roles and Responsibilities

Chairman – **Andrew Goss**	The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. He promotes a culture of openness and debate facilitating constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that the Board receive accurate, timely and clear information. His extensive experience across the motor retail sector gives essential expertise and strategic leadership to the Board. The Chairman is expected to commit 50 days per year to the role.
Senior Independent Director – **Pauline Best (to become David Gillard from 1 June 2025)**	The Senior Independent Director (SID) is an independent Non-Executive Director, who provides a sounding board for the Chairman and serves as an intermediary for the other Directors and shareholders where necessary. The SID also leads the annual appraisal and review of the Chairman's performance. As Non-Executive Director, Pauline is responsible for bringing an external perspective, sound judgement and objectivity to the Board's deliberations and decision making, and to support and constructively challenge the Executive Directors using her broad range of experience and expertise. She also acts as the nominated Non-Executive Director for workforce engagement. A Non-Executive Director is expected to commit 20 days per year to the role, with a Committee Chair role requiring an additional 10 days and the SID role requiring an additional 7 days.
Non-executive Director – **Amanda Cox**	As Non-Executive Director, Amanda is responsible for bringing an external perspective, sound judgement and objectivity to the Board's deliberations and decision making, and to support and constructively challenge the Executive Directors using her broad range of experience and expertise, particularly relating to people, physical and online retailing. From 1 June 2025, she will also act as the nominated Non-Executive Director for workforce engagement. A Non-Executive Director is expected to commit 20 days per year to the role, with a Committee Chair role requiring an additional 10 days.
Non-executive Director – **John Mewett**	As Non-Executive Director, John is responsible for bringing an external perspective, sound judgement and objectivity to the Board's deliberations and decision making, and to support and constructively challenge the Executive Directors using his experience and expertise, particularly relating to multi-site retail, marketing and digital retailing.
Non-executive Director – **David Gillard**	As Non-Executive Director, David is responsible for bringing an external perspective, sound judgement and objectivity to the Board's deliberations and decision making, and to support and constructively challenge the Executive Directors using his experience and expertise, particularly relating to finance. A Non-Executive Director is expected to commit 20 days per year to the role, with a Committee Chair role requiring an additional 10 days and the SID role requiring an additional 7 days. David also chairs the Bristol Street Pension Scheme trustee board, requiring an additional 10 days per year.
Chief Executive Officer – **Robert Forrester**	The Chief Executive Officer is responsible for the day-to-day running of the Group's businesses and the development and implementation of strategy, decisions made by the Board and operational management of the Group, supported by the Group Executive and Senior Management Teams. He also oversees sustainability and communicates with our stakeholders, the Board and management about the Group's action plan and progress.

Division of Responsibilities (continued)

Roles and Responsibilities (continued)

Chief Operating Officer – **David Crane**	The Chief Operating Officer supports the Executive Management Team in developing and implementing strategy and is responsible for the oversight of the day-to-day administrative and operational functions of the Group. He also oversees supplier matters and communicates to the Board on compliance and regulatory changes, including in response to climate change, and their potential impact on the Group. This reflects his role as Chair of the Compliance Committee and the Consumer Duty Champion. He also reports to the Board on IT and technology issues and changes. Including cyber risk and Artificial Intelligence.
Chief Financial Officer – **Karen Anderson**	The Chief Financial Officer, oversees the day-to-day financial activities of the Group, including ensuring that Group financial and operating policies and practices are adopted at all levels of the Group. She also provides reporting on progress towards the Group's sustainability goals and oversees the assessment and monitoring of climate-related risks.

Nominations, Composition and Succession

The Nominations Committee continually reviews board composition to ensure that the Board provides the Group with the strategic oversight, vision and governance that it needs. Non-executive Directors serve for a maximum of six years as the initial appointment, but terms have historically been extended up to 9 years in many cases and the term of Andrew Goss has now been extended up to nine years.

The Nominations Committee has carried out an assessment of the skills and experience of the Directors to identify any areas of weakness that can be addressed through training or future recruitment to the Board. The Board is currently satisfied that its current composition includes an appropriate balance of experience and skills including experience in the motor retail sector, experience with motor manufacturers and other relevant areas. The Board has received briefings during the year on relevant areas of regulatory change and the impact on the Group, and attended external training.

Appointment and Powers of the Company's Directors

Under the Company's Articles of Association, all Directors appointed by the Board must retire and seek election at each Annual General Meeting following their appointment. One third of the other Directors are then required to retire and submit themselves for re-election each year so that all Directors are required to retire and submit themselves for re-election at least once in every three years. However, from 2025, the Company proposes that all Directors will retire and seek re-election at every Annual General Meeting.

The Board is satisfied that plans are in place for orderly succession for appointments to the Board and senior management, so as to maintain an appropriate balance of skills and experience within the Company and on the Board.

Appointment and removal of Directors is governed by the Company's articles of association (the Articles), the Companies Acts and related legislation. A Director may be appointed by an ordinary resolution of the Company's shareholders following recommendation of the Nominations Committee as approved by the Board, or following retirement by rotation if the Director chooses to seek re-election. Alternatively, the Directors may appoint a Director to fill a vacancy or as an additional Director provided that the individual retires at the next Annual General Meeting (and offers themselves for election if appropriate).

Subject to the Articles (which shareholders may amend by special resolution), relevant legislation and any directions given by special resolution, the Company and its Group is managed by its board of Directors. By resolutions passed at Company general meetings, the shareholders have authorised the Directors: (i) to allot and issue ordinary shares; and (ii) to make market purchases of the Company's ordinary shares (in practice exercised only if the Directors expect it to result in an increase in earnings per share). The authorities conferred on the Directors at the 2024 Annual General Meeting will expire on the date of the 2025 General Meeting. Details of movements in the Company's share capital are given in note 31 to the consolidated financial statements.

If Directors wish to take on other roles outside the Company, these will be declared and approved by the Board as not creating a conflict of interest. Executive Directors would need prior approval for any external role.

Succession

The Nominations Committee has responsibility for succession planning for the Board. Where appropriate the Committee uses external advisers to assist with candidate identification and benchmarking.

Succession planning for other senior management roles is conducted by the HR Director and CEO with input from other members of management as appropriate and overview by the Nominations Committee.

In the Year, a new non-executive director, Amanda Cox, was appointed, with support to the Nominations Committee from an external recruitment consultant. The Committee reviews potential director succession requirements, and any required additional expertise on the Board, regularly to plan appropriate succession. Any Board appointments are determined by Nominations Committee decision based on agreed criteria and external specialist support.

Andrew Goss
Non-Executive Chairman
13 May 2025

Audit, Risk and Internal Control

Audit Committee Report

Audit Committee Membership and Meetings

During the Year the Audit Committee was comprised of the Committee Chairman and several Non-Executive Directors. The Committee Chairman was Ken Lever, prior to his resignation in June 2024, and David Gillard subsequent to this date. Two other Non-Executive Directors of the Group, namely, Andrew Goss and Pauline Best served on the Audit Committee throughout the year ended 28 February 2025 and John Mewett and Amanda Cox, also Non-Executive Directors of the Group, were appointed to the Audit Committee during the year ended 28 February 2025.

The Committee met three times during the financial year and attendance is shown in the table on page 60.

Only members of the Committee are required to attend Committee meetings, however, other individuals (such as the Chief Executive, Chief Financial Officer, Chief Operations Officer or Company Secretary and independent auditors) are able to attend by invitation.

The key responsibilities of the Committee are set out in the table on page 63.

Activities during the year

During the Year the Committee focused on the following matters:

- Review of the interim and year-end financial statements for the Group
- Review of the consistency and appropriateness of the accounting policies
- Review of the methods used to account for significant transactions, completeness of disclosures and material areas in which significant judgements had been applied
- Review of the effectiveness of internal controls, risk assessment process, the assurance process and changes to significant risks
- Approval of the terms of engagement, strategy, scope and effectiveness of independent auditors

Significant Issues

As part of the reporting and review process, the Committee has discussed the significant issues considered in relation to the financial statements and how those issues were addressed.

During the Year the Committee considered the following key risks, accounting issues and judgements:

Significant issue	Action taken
Recognition and measurement of assets and liabilities in a business combination	The Group completed the acquisition of Exeter Honda on 19 July 2024 and the acquisition of Burrows Motor Company Limited on 29 October 2024. Management undertook an exercise to identify and value the assets and liabilities that had been acquired as part of this business combination, including identification and measurement of any intangible assets arising as a result of the acquisition. Valuations from external experts were obtained where necessary, to aid determination of the fair value of assets and liabilities acquired. The Committee reviewed the assumptions applied in this assessment and concluded that the fair values disclosed in note 17 of the consolidated financial statements were appropriate.
Carrying value of goodwill, other intangibles and tangible assets	Management performed a detailed impairment review on the goodwill, other intangibles and tangible assets in the consolidated financial statements of the Group, based on forecast future cash flows. The Committee challenged the methodology, assumptions, and sensitivity analysis used by management. The Committee also considered the independent review by the independent auditors. The Committee concluded that the February 2025 carrying amounts shown in notes 15, 16 and 18 of the consolidated financial statements were appropriate and approved the disclosures.

Significant Issues (continued)

Significant issue	Action taken
Valuation of inventory	The Group's assessment of the valuation of used vehicle inventory at 28 February 2025 involves an element of estimate to determine the expected net realisable value post year end. Key assumptions used in the valuation of used vehicle inventory at 28 February 2025 include sales which took place post year end, latest industry guidance and historical trends. The Committee reviewed and challenged the assumptions applied in determining the valuation of inventory at 28 February 2025 as shown in note 21 and concluded that these were appropriate.
Viability and Going Concern	Management have prepared detailed financial projections for a period of 12 months from the date of signing the financial statements ('Review Period'). These projections are based on the Group's detailed annual business plan. Management have reviewed the output of these detailed projections alongside the Group's funding facilities and banking covenants, further details of which are provided in note 26 of the consolidated financial statements. Sensitivity analysis has been performed to model the impact of more adverse trends compared to those included in the financial projections to model the impact of severe but plausible downside risks. By their very nature forecasts and projections are inherently uncertain. Circumstances could arise under which extreme downside scenarios may occur that would render the preparation of accounts based on the assumption of a going concern inappropriate. Based on what is known at this time and based upon the forecast information available, the Directors believe it appropriate to prepare accounts under the going concern basis. The Committee challenged the assumptions used and also considered the review conducted by the independent auditors. The Committee concluded that the Board is able to make the Viability and Going Concern statements on pages 54 and 55.
Pension benefits	Assets and obligations under the "Bristol Street Pension Scheme", which is a defined benefit scheme in which accrual ceased on 31 May 2003, are recognised in the balance sheet. The valuation of the scheme assets and the present value of the obligations are calculated by external advisors. The Committee reviewed the assumptions applied in calculating the scheme assets and obligation (set out in note 30) at 28 February 2025 and confirmed that these were appropriate.
Revenue recognition	The Group's main product/service lines are the sale of motor vehicles, parts and aftersales services. The Group operates an income recognition policy that ensures that revenue is recognised in line with satisfaction of the performance obligation, as set out in note 1 of the consolidated financial statements. Given the complexity of the initial sale of a vehicle for which it is not unusual to have a discount applied in a sales transaction which may or may not include multiple other products, judgement is involved in determining the appropriate allocation of such a discount between the products involved in the sale, particularly where there is a difference between the products, in when the relevant performance obligations are satisfied. Complexity of distribution arrangements also give rise to potential judgement as to whether the Group is acting as principal or agent in respect of sales transactions. The Committee reviewed the assumptions set out in the revenue recognition policy and confirmed that the assumptions applied and categorisation of sales as principal or agent were appropriate.

Audit, Risk and Internal Control (continued)

Audit Committee Report (continued)

Significant Issues (continued)

Financial and Business Reporting

The Committee is responsible for monitoring the integrity of the financial statements including the Group's annual and half-yearly results and ensuring they are fair, balanced and understandable.

The independent auditors also provide an auditors' report to the members providing an independent opinion on the truth and fairness of the Group's financial statements. This report can be found on pages 89 to 96.

Risk Management and Internal Controls

The Group has well established risk management and internal control processes. These are regularly subject to audit and the results are reported to the Audit Committee and the Board for their review.

Day to day management of risk is delegated to the Chief Executive's Committee, which consists of the Chief Executive, the Chief Financial Officer, the Company Secretary, the Chief Operations Officer, the Chief Marketing Officer, the HR Director, the Sales Director, the Chief Technology Officer, the Group Strategy Director and the seven Divisional Operations Directors of the Group.

The Audit Committee confirms that the effectiveness of the system of internal control, covering all material controls including financial, operational and compliance controls and risk management systems, has been reviewed during the year under review and up to the date of approval of the Annual Report.

Internal Audit

The Group Risk team report regularly on the audits carried out in each dealership which, for the financial year ended 28 February 2025, covered both balance sheet and sales process audits as well as audits of key financial control processes. The Group Risk team met with the Committee without the presence of management.

External Audit

The Audit Committee has recommended to the Board that a resolution be put to shareholders at the Annual General Meeting to reappoint PwC as auditors of the Company for a further year. PwC have been appointed as auditors to the Company for the previous 17 financial years. In accordance with ethical standards requirements, the audit partner responsible for the engagement was subject to rotation after each five-year period and since February 2024 has been Nicholas Cook. No tender has been conducted. The Committee reviewed the effectiveness, independence and objectivity of the independent auditors and no matters of concern were raised during the financial year to 28 February 2025. It will continue to monitor this.

The independent auditors attend some of the Committee meetings and the Committee meets with the independent auditors without management present.

Audit Committee Report (continued)

Independence of the Independent Auditors

Both the Audit Committee and the Independent Auditors have in place safeguards to avoid the Independent Auditors' objectivity and independence being compromised. The Group's policy with regard to services provided by the Independent Auditors, PricewaterhouseCoopers LLP, is as follows:

- Statutory audit services

  The Independent Auditors, who are appointed annually by the shareholders, undertake this work. The Independent Auditors also provide regulatory services and formalities relating to shareholder and other circulars. The Committee reviews the Independent Auditors' performance on an ongoing basis.

- Other non-audit services

  The Independent Auditors are not permitted to provide internal audit, risk management, litigation support or remuneration advice. The provision of other non-audit services, is assessed on a case by case basis, depending on which professional services firm is best suited to perform the work. These safeguards, which are monitored by the Committee, are regularly reviewed and updated to ensure they remain appropriate. The Independent Auditors report to the Committee on the actions they take to comply with the professional and regulatory requirements and best practice designed to ensure their independence, including the rotation of key members of the audit team. PricewaterhouseCoopers LLP have formally confirmed this to the Board. PricewaterhouseCoopers LLP did not provide any non-audit services to the Group during the year ended 28 February 2025.

D Gillard
Chairman of Audit Committee
13 May 2025

Remuneration Committee Report

Annual Statement from the Chair of the Remuneration Committee

Introduction

On behalf of the Board, I am pleased to present our Directors' Remuneration Report for the year ended 28 February 2025. This Directors' Remuneration Report has been prepared on behalf of the Board by the Remuneration Committee ("the Committee") in accordance with the Companies Act 2006, as well as with the spirit, principles and, as far as is reasonably practical, the requirements of the Quoted Companies Alliance Remuneration Guidance, the Investment Association's Principles of Remuneration and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, notwithstanding that, as the Company is listed on AiM, these regulations do not all strictly apply. This report is split into two sections:

- the Directors' remuneration policy sets out the Company's intended policy on Directors' remuneration from 1 March 2025 and is provided for information to shareholders; and
- the annual report on remuneration sets out payments and awards made to the Directors and details the link between Company performance and remuneration for the year to 28 February 2025 and is subject to an advisory shareholder vote at this year's AGM.

Key remuneration decisions for the year to 28 February 2025

The Group did not apply a one size fits all annual cost of living increase given the dynamic structure of the market for talent in the sector but instead operates a strategy of actively benchmarking to the market throughout the financial year to ensure that it can respond in an agile and cost-effective manner to changing market conditions. The general economic backdrop, recent performance of the Motor Retail sector and the employment cost headwinds facing UK employers were considered when applying changes to remuneration strategy during the year. These key factors were, and still remain, a constraining factor in relation to the Group's remuneration strategy as they directly impact the Group's cost base. During FY25 the Group undertook several benchmarking exercises to ensure that colleagues employed in key skilled roles were appropriately benchmarked to the sector to maintain the Group's competitive position in the market for talent. As a result, changes were implemented to remuneration packages during the year for several key roles including Service Advisors, Parts Advisors and Vehicle Administrators across the UK. Separately, locally based changes were made to job groupings to maintain market position in local areas and for specific role specialisms.

In FY24, the Committee had concluded, based on benchmarking, that the Executive Directors' remuneration packages remained below those in comparator companies and recommended a 5% basic pay rise be applied. This recommendation was rejected by all three Executive Directors.

The Committee continues to recognise the need to ensure that, despite the Executives being a focussed and committed team, they do not continue to fall behind the market in remuneration. In FY25, the Committee therefore revisited the external benchmarking of the remuneration packages of the Executive Directors, based on a range of relevant comparator companies from both within and beyond the Motor Retail sector.

The Committee also took note of the cumulative change in average basic salary of the Group's colleague-base between 1 March 2022 (which was the date of the Executives' last basic pay increase of 5%) and 28 February 2025. The Group's colleague-base moved forward by an average of 18% during this period (including the 5.9% during FY25) creating a delta of 12% to the Executives.

Following this review, a further 3.5% increase in basic pay was recommended by the Committee for FY26 in addition to the 5% previously recommended by the Committee for FY25.

The Committee therefore recommended a circa 8.5% basic salary pay increase for the Executives, alongside a corresponding increase in the bonus linked opportunity and on-target annual earnings. This was accepted by the Executive Directors from 1 March 2025.

The Committee also considered increasing the percentage of bonus available to the Executives in for FY26 in light of the positioning of the individuals in the benchmarking

Key remuneration decisions for the year to 28 February 2025 (continued)

exercise. The CEO currently receives a bonus opportunity equating to 80% of annual basic salary with the CFO and COO both receiving a bonus opportunity equating to 60% of basic salary. The Committee considers the Executives to remain behind the market rate for their role. After discussion with the Executives this proposal was not carried forward for FY26.

The Executives' annual bonus structure and calculation methodology therefore remain unchanged from the scheme operated in the last three financial years. Given that the bonus value available to the Executives is calculated as a percentage of basic salary this moves up at the same percentage rate as set out above.

The Executive Bonus scheme continues to include measures on financial performance (Group profit), customer satisfaction and colleague satisfaction with 70% of bonus relating to profit targets with the remaining 30% split equally between customer outcome and colleague outcome measures. The maximum profit bonus earnings level of 135% of on-target earnings equates to delivery of 135% of the business plan.

The Executive Directors did not receive the Group profit element bonus for the previous financial year (FY24) as the threshold of 85% of the target was not reached in the financial year.

Similarly, the Executive Directors did not automatically receive the Group profit element bonus for FY25 as the threshold of 85% of the target was again not reached in the financial year. They did automatically receive 68% of the customer satisfaction bonus and 100% of the colleague satisfaction bonus as the criteria to be paid these levels of bonus was met.

The Committee reviewed the performance of the Executive Directors and the factors influencing profit performance of the Company in the financial year. The Committee determined that the use of its discretion regarding the profit bonus threshold outlined in the FY24 remuneration report needed to be considered. This discretion enables the Committee to apply a reduced threshold percentage of the profit target (down to a minimum target of 75%) where appropriate to reflect special circumstances and where performance by the Executives justifies it. The Executives' profit bonus would then be based on this revised target.

The Committee agreed that the negative UK New Car Market movement in FY25 had been primarily driven by the Government's ZEV Mandate regulations. Analysis was undertaken to demonstrate that the impact of this new car market movement in isolation has negatively impacted Group profitability by more than 10% in the Year.

The Committee therefore agreed to exercise their discretion and that the minimum target for bonus qualification should be reduced by 7% from 85% to 78%. Accordingly, the Executive Directors have been paid 78% of their FY25 profit bonus.

Partnership Share Scheme

The Partnership Share Scheme continued to operate in the year ended 28 February 2025 (FY25) for senior management of the Group, and will also apply in the year commencing 1 March 2025 (FY26) with 243 members participating. Under this Scheme, an award is made in the form of a nil-cost option at the beginning of each financial year over a maximum number of shares (to be determined annually by the Remuneration Committee based on a fixed percentage of on-target earnings). At the end of each financial year, vesting is directly linked to the level of pay-out of each participant's annual bonus for that year.

For example, if the annual bonus pay-out is at 95% of the amount that would be earned at the on-target level, 95% of the nil-cost option will be awarded. Performance is capped at the 100% level and the employee must remain in employment for three further complete financial years before the nil-cost options are awarded to them. This scheme continues to be very well received by the beneficiaries and just after the year end (in March 2025) the Executive Directors became entitled to receive their first shares under the scheme (following the conclusion of the three-year holding period for shares issued in FY22).

23% of the FY24 Partnership Share awards for the Executive Directors vested, the low level being due to the lack of any profit bonus. The Partnership Share award made in the year ended 28 February 2025 (FY25) will vest at a high level for the majority of beneficiaries and, following the award of profit bonus described above, at 79.9% for the Executive Directors.

Remuneration Committee Report (continued)

Partnership Share Scheme (continued)

A Partnership Share Scheme annual award to the Executive Directors has again been made for the year commencing 1 March 2025 at 40% of on-target earnings (consistent with the level made in the previous year).

Conclusion

The Directors' remuneration policy which follows this annual statement sets out the Committee's principles on remuneration for the future and the annual report on remuneration provides details of remuneration for the year ended 28 February 2025. The Committee continues to be mindful of shareholder views and interests, and the importance of retaining the stable, experienced management team. We believe that our Directors' remuneration policy continues to be prudent and aligned with the achievement of the Company's business objectives. We hope that we can rely on your votes in favour of the annual report on remuneration.

By Order of the Board:

P Best
Chairman of Remuneration Committee
13 May 2025

Remuneration Committee Report (continued)

Remuneration Policy

The policy of the Committee is to ensure that the Executive Directors are fairly rewarded for their individual contributions to the Group's overall performance and to provide a competitive remuneration package to Executive Directors, including long-term incentive plans, to attract, retain and motivate individuals of the calibre required to ensure that the Group is managed successfully in the interests of shareholders. In addition, the Committee's policy is that a substantial proportion of the remuneration of the Executive Directors should ordinarily be performance related, consistent with the balance of remuneration paid to Directors and Senior Management in the automotive retail sector.

Future Policy Table

The main elements of the remuneration package of Executive Directors are set out below:

Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
BASIC SALARY			
Attract and retain high calibre Executive Directors to deliver strategy.	Paid in 12 equal monthly instalments during the year.	Reviewed periodically to reflect experience, role, responsibility and performance of the individual and the Group, and to take into account rates of pay for comparable roles in similar companies. When selecting comparators, the Committee has regard to, *inter alia,* the Group's revenue, profitability, market worth and business sector. There is no prescribed maximum increase. Annual rates are set out in the annual report on remuneration for the current year and the following year.	None
BENEFITS			
Provide benefits consistent with role.	Currently these consist of the option of two company cars, or access to an employee car ownership scheme or taxable opt-out payment, private medical insurance, critical illness cover and life assurance plus the opportunity to join the Company's share incentive plan ("SIP"). The Committee reviews the level of benefit provision from time to time and has the flexibility to add or remove benefits to reflect changes in market practices or the operational needs of the Group.	The cost of providing benefits is borne by the Company and varies from time to time.	None

Remuneration Policy (continued)

Future Policy Table (continued)

Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
ANNUAL BONUS			
Incentivises achievement of business objectives by providing rewards for performance against annual profit targets, customer outcome targets including manufacturer new car and service customer satisfaction ("CSI") scores as well as used car Judge Service results, and colleague satisfaction with exact measures reviewed annually.	Paid in cash after the end of the financial year to which it relates.	It is the normal policy of the Committee to cap maximum annual bonuses. The levels of such caps are reviewed annually.	Targets are based on adjusted profit before tax of the Group and customer outcome and colleague satisfaction measures. The Committee sets performance measures, threshold and maximum targets on an annual basis. A sliding scale operates between threshold and maximum performance. No company profit performance bonus is payable where performance is below the threshold of 85% (unless the Committee exercises its discretion in special circumstances, in which case it may be reduced downwards, and a proportion of the original bonus paid). No colleague satisfaction bonus is payable where performance is below an annual target. No customer satisfaction bonus is payable if minimum targets are not met. Payment of any bonus earned is subject to overriding discretion of the Committee in the event of gross misconduct.
LONG-TERM INCENTIVES			
Alignment of interests with shareholders by providing long-term incentives delivered in the form of shares through the Partnership Share Scheme (part of the Long Term Incentive Plan (LTIP)).	Grant of £Nil cost options under the Partnership Share Scheme. Options vest in proportion to the amount of annual bonus earned in the year of issue. Options may then be exercised after 3 years starting at the end of the financial year to which the bonus relates.	Annual award of options to Executive Directors is 40% of on-target earnings for FY26. The Remuneration Committee will determine at the beginning of future financial years, the maximum value of shares over which an award can be granted.	Vesting is pro rata to achievement of the participant's bonus measures for the year.

Remuneration Policy (continued)

Future Policy Table (continued)

Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
PENSION			
Attract and retain Executive Directors for the long-term by providing funding for retirement.	All Executive Directors are entitled to participate in money purchase arrangements, or to receive a cash allowance in lieu of pension contributions.	The Group currently makes payments of up to 16.5% of basic salary into any pension scheme or similar arrangement as the Executive Director may reasonably request. Such payments are not counted for the purposes of determining bonus or formulating the award value of the partnership share scheme. Any new Directors would receive a pension contribution in line with the majority of the workforce.	None

Notes to the Policy Table

Differences from remuneration policy for all employees

All employees of the Company are entitled to base salary or hourly rate and various other colleague benefits. The opportunity to earn a bonus is made available to all management colleagues in the Group. The maximum opportunity available is based on the seniority and responsibility of the role.

Share options are only granted under the Partnership Share Scheme to senior management in the Group and selected key employees who are crucial to the long-term success of the Company.

Statement of consideration of employment conditions of employees elsewhere in the Group

The Committee receives reports on an annual basis on the level of any pay rises awarded across the Group and takes these into account when determining salary increases for Executive Directors. In addition, the Committee receives regular reports on the structure of remuneration for senior management in the tier below the Executive Directors and uses this information to ensure a consistency of approach for the most senior managers in the Group.

The Committee also approves the award of any long-term incentives and other share schemes.

The Committee does not specifically invite colleagues to comment on the Directors' remuneration policy, but it does take note of any comments made by colleagues.

Statement of consideration of shareholder views

The Chairman of the Committee consults with major shareholders from time to time or where any significant remuneration changes are proposed, in order to understand their expectations with regard to Executive Directors' remuneration and reports back to the Committee. The Committee also takes into account emerging best practice and guidance from major institutional shareholders and advisors.

Remuneration Policy (continued)

Notes to the Policy Table (continued)

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to offer a market competitive remuneration package sufficient to attract high calibre candidates who are appropriate to the role but without paying any more than is necessary.

Any new Executive Director's regular remuneration package would include the same elements and be in line with the policy table set out earlier in this Directors' remuneration policy (subject to the statement regarding pension contributions and any specific personal targets or development), including the same limits on performance related remuneration.

Where an internal candidate is promoted to the Board the original grant terms and conditions of any bonus or share award made before that promotion will continue to apply, as will membership of any of the Group's pension arrangements.

Reasonable relocation and other similar expenses may be paid if appropriate.

Directors' Service Contracts, Notice Periods and Termination Payments

Provision	Policy	Details
Notice periods in Executive Directors' service contracts	12 months by Company or Executive Director	Executive Directors may be required to work during the notice period.
Compensation for loss of office	No more than 12 months' basic salary and benefits (including company pension contributions).	
Treatment of annual bonus on termination	Bonuses which have already been declared are payable in full. In the event of termination by the Company (except for cause) pro-rated bonus to the end of the notice period is payable at the discretion of the Remuneration Committee.	

Directors' Service Contracts, Notice Periods and Termination Payments (continued)

Treatment of LTIP and CSOP awards and Partnership Share Awards	Partnership Share Awards for the current financial year (and other unvested LTIP awards), will normally lapse on cessation of employment. However, for Good Leavers, the Committee shall determine whether the award is released on the normal release date or on some other date. For the Partnership Share Scheme, the extent of vesting will be determined by the Committee taking into account the amount of time that the employee has worked in the financial year. Following release, Good Leavers may exercise their options at any time after cessation of employment. For other LTIP awards, the extent of vesting will be determined by the Committee taking into account the extent to which the performance condition is satisfied and, unless the Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation relative to the performance period. Good Leavers may exercise their options within 12 months (or such a period as the Committee determines). Good Leaver LTIP awards that have vested but not been released (i.e. during the holding period) will ordinarily continue to the normal release date when they will be released to the extent vested. The Committee retains the discretion to release awards earlier. Unvested CSOP Awards will normally lapse on cessation of employment but, for Good Leavers, may vest in full or part as determined by the Remuneration Committee. Vested CSOP options can be executed for up to 6 months (or 12 months in the case of death) except following summary dismissal, when they lapse.	Good leaver circumstances comprise death, illness, injury, disability, retirement, transfer of employing business outside Group or exceptional circumstances at the discretion of the Committee.
Exercise of discretion	Intended only to be relied upon to provide flexibility in exceptional or inequitable circumstances.	The Committee's determination will take into account the particular circumstances of the Executive Director's departure and the recent performance of the Company and will be detailed in the next published Remuneration Committee Report.
Outside appointments	Subject to approval	Board approval must be sought.
Non-Executive Directors	Re-election	All Non-Executives are subject to re-election every three years. No compensation payable if required to stand down.

Directors' Service Contracts, Notice Periods and Termination Payments (continued)

In the event of the negotiation of a settlement agreement between the Company and a departing Director, the Committee may make payments it considers reasonable in settlement of potential legal claims. Such payments may also include reasonable reimbursement of professional fees in connection with such agreements.

The Committee may also include the reimbursement of fees for professional or outplacement advice in the termination package, if it considers it reasonable to do so. It may also allow the continuation of benefits for a limited period.

Non-Executive Directors' Fee Policy

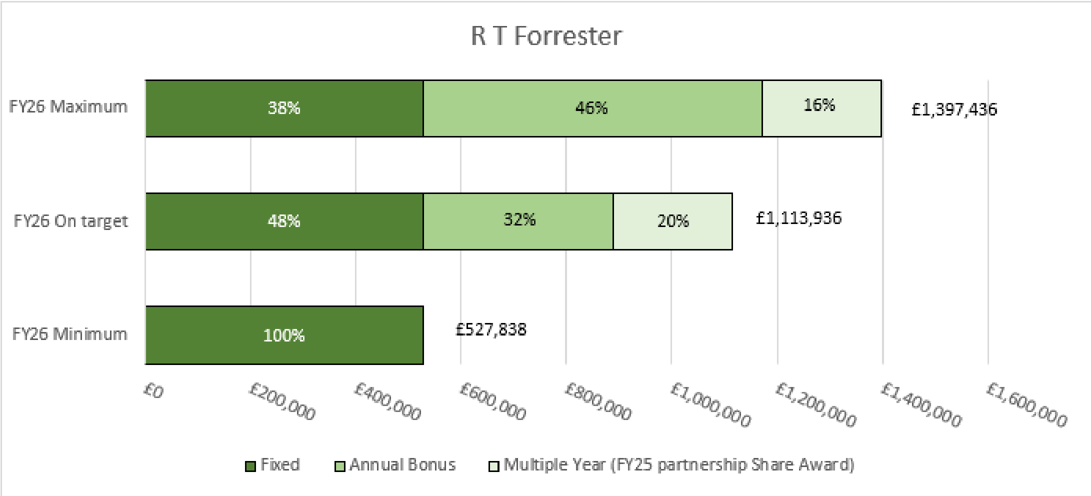
The policy for the remuneration of the Non-Executive Directors is as set out below. Non-Executive Directors are not entitled to a bonus, they cannot participate in the Company's share option scheme and they are not eligible for pension arrangements.

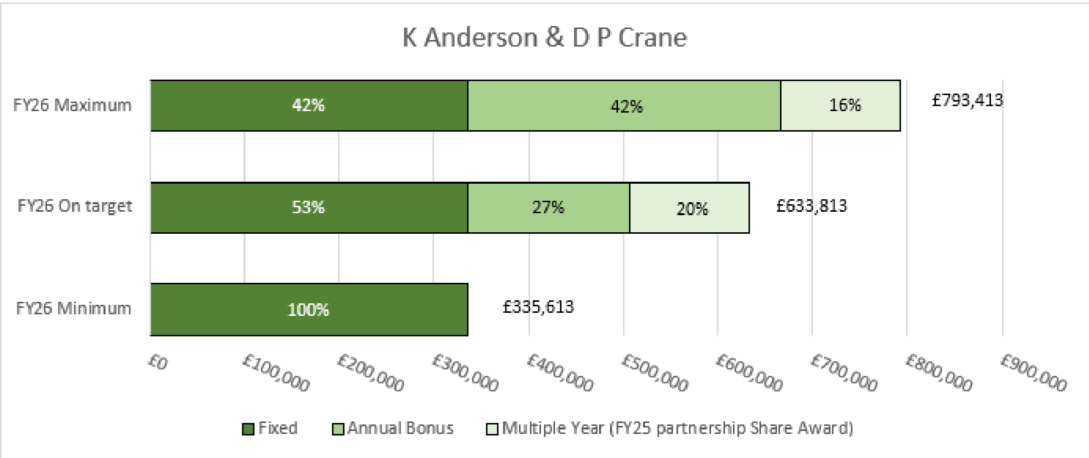
Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
NON-EXECUTIVE DIRECTOR ('NED') FEES			
To attract NEDs who have a broad range of experience and skills to oversee the implementation of our strategy.	NED fees are determined by the Board within the limits set out in the Articles of Association and are paid in 12 equal monthly instalments during the year. Non-Executive Directors may be eligible for benefits such as the use of secretarial support or other benefits that may be appropriate. Historically, they also had the option to receive a company car with insurance, using a scheme and type of the Company's choosing. This has not been applied to appointments since FY24.	Annual rate set out in the annual report on remuneration for the current year and the following year. No prescribed maximum annual increase. The cost of providing benefits is borne by the Company and varies from time to time.	None

Total 2025/26 Remuneration Opportunity

The chart below illustrates the remuneration that would be paid to each of the Executive Directors in the 2025/6 financial year under three different performance scenarios: (i) Minimum; (ii) On-target; and (iii) Maximum.

The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual variable (annual bonus awards); and (iii) Multiple year (LTIP awards) which are set out in the policy table above.





Total 2025/26 Remuneration Opportunity (continued)

Each element of remuneration is defined in the table below:

Element	Description
Fixed	Base salary for the 2025/2026 financial year plus pension and benefits.
Annual Bonus	Annual bonus awards based on adjusted profit before tax, customer outcome measures and colleague satisfaction targets.
Multiple Year Partnership Share Award	Value of Partnership Share Scheme Awards which vest in the year ended 28 February 2026 but are subject to a three-year holding period thereafter. Value is based on the number of shares awarded at the closing share price on 3 March 2025.

The on-target scenario assumes that for the annual bonus, adjusted profit is in line with financial targets.

Annual report on remuneration

The annual basic salaries and fees to be paid to Directors in the year ending 28 February 2026 are set out in the table below, together with any increase expressed as a percentage.

	28-Feb	28-Feb	
	2026	2025	Underlying Increase (Excluding role changes)
	£	£	%
R T Forrester	450,000	414,750	8.5
K Anderson	285,000	262,500	8.6
D P Crane	285,000	262,500	8.6
P Best	15,500 [1]	58,834 [2]	-
A P Goss	130,000	130,000	-
J Mewett	45,000	45,000	-
D Gillard	59,500 [3]	49,000 [3]	-
A Cox	50,250 [4]	7,500 [5]	-

1 Reflects a part year figure to reflect P Best resignation at the end of May 2025.

2 The 2025 figure for P Best included an increase from 25 June 2024 when she took over the Senior Independent Director role.

3 The 2026 figure for D Gillard includes an increase from 1 June 2025 when he takes over the Senior Independent Director role. The 2025 figure for D Gillard included an increase from 25 June 2024 when he took over as Chair of the Audit Committee.

4 The 2026 figure for A Cox includes an increase from 1 June 2025 when she takes over the Chair of the Remuneration Committee.

5 Reflects a part year figure for appointment during the year ended 28 February 2025.

Directors' Remuneration Report (continued)

Single Total Figure of Remuneration

The remuneration of the Directors who served during the period from 1 March 2023 to 29 February 2024 and from 1 March 2024 to 28 February 2025 is as follows:

	Salary or fees		Taxable Benefits[1]		Pension		Bonus		Long Term Incentive Plan		Single total figure	
	£'000		£'000		£'000		£'000		£'000		£'000	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**[3]	2024[2]	**2025**	2024
Executive Directors												
R T Forrester	**415**	415	**6**	4	**68**	68	**265**	76	**75**	317	**829**	880
K Anderson	**263**	263	**4**	3	**43**	43	**126**	36	**42**	178	**478**	523
D P Crane	**263**	263	**3**	4	**43**	43	**126**	36	**42**	178	**477**	524
Non-Executive Directors												
A P Goss	**130**	130	**1**	1	**-**	-	**-**	-	**-**	-	**131**	131
P Best	**59**	52	**1**	1	**-**	-	**-**	-	**-**	-	**60**	53
J Mewett	**45**	34	-	-	**-**	-	**-**	-	**-**	-	**45**	34
D Gillard	**49**	8	-	-	**-**	-	**-**	-	**-**	-	**49**	8
A Cox	**8**	-	-	-	**-**	-	**-**	-	**-**	-	**8**	-
K Lever	**20**	62	-	1	**-**	-	**-**	-	**-**	-	**20**	63

[1] Taxable benefits include company vehicle or vehicle insurance and private medical insurance premiums.
[2] Represents PSO nil cost awards granted in March 2022 which vested in March 2023. The value has been calculated by reference to the closing share price of the Company on 1 March 2023. These vested awards are subject to a 3 year holding period.
[3] Represents PSO nil cost awards granted in March 2023 which vested in March 2024. The value has been calculated by reference to the closing share price of the Company on 1 March 2024. These vested awards are subject to a 3 year holding period.

Annual Bonuses

The Executive Directors were awarded 78% of their Company profit performance bonus for the Year, following the Committee's amendment to the target level. Customer outcome bonus was awarded at the level of 68% and colleague satisfaction bonus at the level of 100% - having achieved a colleague great place to work result in the full annual survey above 85%. These bonuses are to be paid in May 2025.

Pensions

The Group operates a group personal pension plan for eligible colleagues. R T Forrester, K Anderson and D P Crane have elected to cease active membership of the plan and receive a payment of 16.5% of current basic salary rather than Company pension contributions.

Directors' Share Options

The movement in share options held by the Directors during the year ended 28 February 2025 is as follows:

	Number at 1 March 2024	Exercised in Year	Lapsed in Year	Granted in Year[1]	Number at 28 February 2025
R T Forrester	**1,446,661**	-	(374,069)	426,600	1,499,192
K Anderson	**1,313,874**	-	(210,447)	240,000	1,343,427
D P Crane	**1,313,874**	-	(210,447)	240,000	1,343,427

[1] These Partnership Share Scheme awards vested in March 2025 at a rate of 79.9% and are subject to a holding period of three years prior to being exercised.

Partnership Share Award vesting criteria:

Vesting is directly linked to the individual beneficiary's percentage achievement of bonus earnings for each financial year with this capped at 100% of total award. For example, if an individual earns 95% of bonus 95% of the award vests.

Directors' Remuneration Report (continued)

Statement of Directors' Shareholding

The Directors who held office on 28 February 2025 and their connected persons had interests in the issued share capital of the Company as at 28 February 2025 as follows:

	Number of shares held (including by connected persons)		Vested unexercised share options		Vested share options subject to 3 year holding period		Unvested share options subject to performance conditions	
	28 February 2025	29 February 2024	28 February 2025	29 February 2024	28 February 2025	29 February 2024	28 February 2025	29 February 2024 [1]
R T Forrester	5,491,740	7,489,518	-	-	1,072,592	961,889	426,600	484,772
K Anderson	1,168,859	1,166,637	500,000	500,000	603,427	541,147	240,000	272,727
D P Crane	286,948	481,462	500,000	500,000	603,427	541,147	240,000	272,727
P Best	-	-	-	-	-	-	-	-
A P Goss	62,083	62,083	-	-	-	-	-	-
J Mewett	50,000	-	-	-	-	-	-	-
D Gillard	-	-	-	-	-	-	-	-

[1] These options vested at a rate of 79.9% post year end and are now subject to a 3 year holding period.

Changes in remuneration of Chief Executive Officer

The following table sets out the change in the Chief Executive's salary, benefits and bonus between the years ended 29 February 2024 and 28 February 2025 compared with the average percentage change in each of those components for the employees of the Group.

	Increase in base salary	Change in benefits	Change in bonus
CEO	0.0%	0.0%	248.7%[1]
Employees	5.9%	0.0%	(8.7%)

[1] In the year ended 29*th* February 2024 the Executive Directors were awarded a proportion of their customer outcome bonus and full colleague satisfaction bonus. No profit bonus was paid given that the Groups profit result fell below the minimum performance threshold. In the year ended 28*th* February 2025 the Executive Directors were awarded a proportion of their customer outcome bonus and full colleague satisfaction bonus. Profit bonus was paid at the level of 78%. 70% of the Executive Directors bonus opportunity is attached to profit bonus which drives the 248% year on year increase.

Date of Service Contracts/Letters of Appointment

DIRECTOR	Date of service contract/ letter of appointment
R T Forrester	20 December 2006
K Anderson	1 March 2019
D P Crane	25 July 2018
A P Goss	31 March 2025
P Best	28 May 2024
J Mewett	2 June 2023
D Gillard	3 September 2024
A Cox	31 December 2024

Copies of Directors' service contracts and letters of appointment are available for inspection at the Company's registered office.

Relative Importance of Spend on Pay

The table below sets out the total spend on remuneration in the Group in the years ended 29 February 2024 and 28 February 2025 compared with other disbursements from profit (i.e. the distributions to shareholders).

	Spend in the year ended 28 February 2025 £'000	Spend in the year ended 29 February 2024 £'000	% change
Spend on remuneration (including Directors)	323,902	302,831	7.0%
Profit distributed by way of dividend	7,954	7,759	2.5%

Shareholders' Vote on Remuneration at the 2024 AGM

2024 Directors' Remuneration Report	Number	Proportion of votes cast (%)
Votes cast in favour	155,048,118	98.93
Votes cast against	1,673,369	1.07
Total votes cast in favour or against	**156,721,487**	**100.00**
Votes withheld	32,290	

The Committee

The Committee is responsible for reviewing and recommending the framework and policy for remuneration of the Executive Directors. The Committee's terms of reference are available on the Company's website. The members of the Committee during the financial year were P Best (Chairman), K Lever (left in the year), D Gillard (joined in the year), J Mewett (joined in the year), A Cox (joined in the year) and A P Goss, and details of meetings held are shown on page 60.

Directors' Report

The Directors' report sets out the information required to be disclosed by the Company in compliance with the Companies Act 2006 and the Financial Conduct Authority's Disclosure and Transparency Rules (DTR). It forms part of the management report as required under the DTR, along with the Strategic Report (pages 2-55) and other sections of this Annual Report and audited consolidated financial statements. The below requirements are covered by reference as set out below:

Information	Reported within	Pages
Acquisitions and disposals	Strategic Report	2-55
Business model	Strategic Report	2-55
Corporate Governance Framework	Corporate Governance Report	56-88
Community and charitable giving	Strategic Report	2-55
Details of Directors	Corporate Governance Report	56-88
Directors' share interests and remuneration	Directors Remuneration Report	80-84
Diversity, equality and inclusion	Strategic Report	2-55
Employee engagement	Strategic Report	2-55
Financial Instruments	Financial Statements (Note 27)	138-139
Future developments and strategic priorities	Strategic Report	2-55
Going concern statement	Strategic Report	2-55
Measurement of CO_2 emissions and energy efficiency	Strategic Report	2-55
Modern Slavery Statement	Strategic Report	2-55
Principal risks and risk management	Strategic Report	2-55
Results	Consolidated Income Statement	97
Section 172 Statement	Strategic Report	2-55
Stakeholder engagement	Strategic Report	2-55
Statement of Directors Responsibilities	Corporate Governance Report	56-88
Viability Statement	Strategic Report	2-55

Annual General Meeting ("AGM")

At the AGM, a separate shareholders' resolution is proposed for each substantive matter. We will publish to shareholders the Company's annual report and financial statements together with the notice of AGM, giving not less than the requisite period of notice. The notice will set out the resolutions the Directors are proposing and explanatory notes for each. At the AGM, Directors' terms of appointment are available for inspection. On the day of the AGM, the Board takes the opportunity to update shareholders on the Company's trading position via an RNS announcement. Normally, the Chairman and each committee chairman are available at the AGM to answer questions put by shareholders present.

Branches

The Group does not have any branches outside of the UK.

Change of control

The Company and members of its Group are party to agreements relating to banking, properties, employee share plans and motor vehicle franchises which alter or terminate if the Company or Group Company concerned undergoes a change of control. None is considered significant in terms of its likely impact on the business of the Group as a whole other than the motor vehicle franchises.

Charitable Donations

Charitable donations of £50,000 were made by the Group during the year ended 28 February 2025 (2024: £311,000).

Contracts

None of the other Directors had an interest in any contract with the Group (other than their service agreement or appointment terms and routine purchases of vehicles for their (or their family's) own use) at any time during the financial year to 28 February 2025.

Directors' Report (continued)

Directors Indemnities and Insurance

In line with market practice and the Company's Articles, each Director has the benefit of an ongoing deed of indemnity from the Company, which includes provisions in relation to duties as a Director of the Company or an associated company, qualifying third party indemnity provisions and protection against derivative actions. These indemnities were updated in 2025 and copies are available for shareholders' inspection at the AGM. Directors' and Officers' insurance has also been established for all Directors and Officers to provide cover for their reasonable actions on behalf of the Group.

Dividend

The dividend paid in the year to 28 February 2025 was £7,954,000 (2.40p per share) (2024: £7,759,000 (2.30p per share)). A final dividend in respect of the year ended 28 February 2025 of 1.15p per share, is to be proposed at the annual general meeting on 25 June 2025. The ex dividend date will be 26 June 2025 and the associated record date 27 June 2025. The dividend will be paid on 25 July 2025, and the financial statements do not reflect this final dividend payable.

Independent Auditors

In the case of each person who was a Director of the Group at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Group and Company's auditors are unaware, and;
- each of the Directors has taken all the steps that they ought to have taken as a Director, as far as is reasonably practical, in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Political Donations

The Group made no political donations and incurred no political expenditure during the year (2024: Nil).

Post Balance Sheet Events

Details of events after 28 February 2025 are disclosed in note 39 of the Financial Statements.

Powers for the issuance or repurchase of Shares

At 1 March 2024, 4,391,449 shares were held by Ocorian Limited ("Trustee"), the trustee of the Company's employee benefit trust. The shares are held for the purpose of the trust and may be used to transfer shares to individuals exercising share options in the Company. During the year ended 28 February 2025, 2,574,458 shares held by the trust were transferred to individuals pursuant to exercises of options (or sold to satisfy the exercise price or resulting tax). The Trustee waives its right to dividends on any Company shares held in the trust and such holdings are disclosed within 'Treasury Shares' in the Financial Statements. 7,793,005 ordinary shares in the Company were held by the Trustee at 28 February 2025.

The rights and obligations attaching to the Company's ordinary shares are set out in the Articles. The Company is currently authorised to issue up to two-thirds of its current issued share capital pursuant to a resolution passed at its 2024 AGM.

Directors' Report (continued)

Share Capital

As at 28 February 2025, the Company's share capital comprised a single class: ordinary shares of 10 pence each, of which 330,101,763 were in issue. The Articles permit the creation of more than one class of share, but there is currently none other than ordinary shares. Details of the Company's share capital are set out in note 31 to the Financial Statements and details of shares bought back by the Company during the year ended 28 February 2025 are set out on page 32. All issued shares are fully paid.

Shareholders (other than any who, under the Articles or the terms of the shares they hold, are not entitled to receive such notices) have the right to receive notice of, and to attend and to vote at, all general and (if any) applicable class meetings of the Company. A resolution put to the vote at any general or class meeting is decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is properly demanded. At a general meeting, every member present in person has, upon a show of hands, one vote, and on a poll, every member has one vote for every 10 pence nominal amount of share capital of which they are the holder. In the case of joint holders of a share, the vote of the member whose name stands first in the register of members is accepted to the exclusion of any vote tendered by any other joint holder. Unless the Board decides otherwise, a shareholder may not vote at any general or class meeting or exercise any rights in relation to meetings whilst any amount of money relating to his shares remains outstanding. A member is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at a general meeting. Further details regarding voting can be found in the notes to the notice of the AGM. To be effective, electronic and paper proxy appointments and voting instructions must be received by the Company's registrars not later than 48 hours before a general meeting. The Articles may be obtained from Companies House in the UK or upon application to the Company Secretary. Other than those prescribed by applicable law and the Company's procedures for ensuring compliance with it, there are no specific restrictions on the size of a holding nor on the transfer of shares, which are governed by the Articles and prevailing legislation. The Directors are not aware of any agreement between holders of the Company's shares that may result in restrictions on the transfer of securities or the exercise of voting rights. No person has any special rights of control over the Company's share capital.

By order of the Board

Nicola Loose
Company Secretary
13 May 2025

Statement of Directors’ Responsibilities

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

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

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

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

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

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

On behalf of the Board

Karen Anderson
Chief Financial Officer
13 May 2025

Independent Auditors' Report to the members of Vertu Motors plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Vertu Motors 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 28 February 2025 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards 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 & Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and Company Balance Sheet as at 28 February 2025; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Independence

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 other listed entities of public interest, 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.

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

- 26 full scope audit components were identified, for additional coverage, audit procedures were performed over certain financial statement line items across a further 30 components and the Company.

Our audit approach (continued)

Overview (continued)

Key audit matters

- Carrying value of goodwill and other indefinite life assets (group)
- Carrying value of investments in subsidiaries (parent)

Materiality

- Overall group materiality: £23,820,000 (2024: £23,600,000) based on 0.5% of revenue.
- Overall company materiality: £4,480,000 (2024: £4,400,000) based on 1% of total assets.
- Performance materiality: £17,865,000 (2024: £17,700,000) (group) and £3,360,000 (2024: £3,300,000) (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.

Our audit approach (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Carrying value of goodwill and other indefinite life assets (group)</td><td></td></tr>
<tr><td>The Group has significant goodwill and other indefinite life assets in respect of acquisitions made across various cash generating units ("CGUs") of £135,506,000 (2024: £129,092,000). An impairment assessment is required to be prepared annually by accounting standards in respect of goodwill and intangible assets that are not amortised. For the year ended 28 February 2025, no impairment has been noted (2024: £128,000). The recoverable amount of the CGUs is impacted by various factors, a number of which are outside of Vertu's control, which could affect whether results are in line with expectations. Where this is the case and a CGU has lower than expected performance, there is a risk around the recoverability of goodwill and other indefinite life assets. Management have prepared a value in use assessment including sensitivities to consider the carrying value of the CGUs. There is inherent uncertainty and judgement in forecasting future cash flows. Refer to the accounting policies section within the consolidated financial statements for disclosures of the related accounting policies, judgements and estimates and note 15 in the consolidated financial statements for detailed disclosures in respect of goodwill and other indefinite life assets.</td><td>To address this risk, we have performed the following procedures:
Assessed the Group's budgeting procedures as a basis for value in use calculations;
Assessed the mathematical accuracy of the model;
Compared current year performance to historical forecasts to assess accuracy in the budget process;
Assessed the appropriateness of CGUs used for Goodwill and other indefinite life assets;
Key inputs are assessed and challenged, for example discount rates, inflation and forecast revenues and costs;
We discussed with PwC Valuation experts to assess the appropriateness of the discount rate;
We benchmarked growth in years 2-5 against independent industry reports and forecasts;
We considered the appropriateness of the long term growth rate;
We performed sensitivity analysis on the forecasts, including downside scenarios to assess the level of headroom; and,
We reviewed the disclosures included in the consolidated financial statements.
We are satisfied with management's conclusion on the carrying value of goodwill and other indefinite life assets.</td></tr>
</table>

Independent Auditors' Report to the members of Vertu Motors plc (continued)

Our audit approach (continued)

Key audit matter (continued)	***How our audit addressed the key audit matter (continued)***
Carrying value of investments in subsidiaries (parent)	
The Company has significant investments in respect of acquisitions made across various subsidiaries of £215,988,000 (2024: £348,574,000). The recoverable amount of the investments in subsidiaries is impacted by various factors, a number of which are outside of Vertu's control, which could affect whether results are in line with expectations. Where impairment indicators are identified, there is a risk around the recoverability of each investment. Management have prepared an assessment of impairment indicators and where an impairment indicator has been identified, a detailed impairment assessment has been performed to consider the carrying value of the subsidiaries, based on a value in use cash flow model. For the year ended 28 February 2025, no impairment has been noted (2024: £nil). There is inherent uncertainty and judgement in forecasting future cash flows. Refer to the accounting policies section within the Company financial statements for disclosures of the related accounting policies, judgements and estimates and note 7 in the Company financial statements for detailed disclosures in respect of investments.	To address this risk, we have performed the following: • Considered the assessment of impairment indicators prepared by management and compared to our own conclusions; • Assessed the Group's budgeting procedures as a basis for value in use calculations; • Compared current year performance to historical forecasts to assess accuracy in the budget process; • Key inputs are assessed, for example discount rates, inflation and forecast revenues and costs; • We discussed with PwC Valuation experts to assess the appropriateness of the discount rate; • We performed sensitivity analysis on the forecasts, including downside scenarios to assess the level of headroom; and • We reviewed the disclosures included in the Company financial statements. We are satisfied with management's conclusion on the carrying value of investments.

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.

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. We scoped the audit based on dealerships which is in line with how management monitor the business. This resulted in 26 dealerships being identified as full scope audit components, and a further 30 dealerships and the Company where audit procedures were performed over certain financial statement line items. We, as the group engagement team, audited all in scope components which are all based in the UK.

The Company is subject to a full scope audit of its financial information due to the separate presentation of the Company financial statements. The Company audit was also performed by the Group audit team. The Company is principally a holding company and there are no branches outside the UK. The Company is audited on a stand-alone basis, and hence, testing has been performed on all material financial statement line items.

Our audit approach (continued)

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

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***
Overall materiality	£23,820,000 (2024: £23,600,000).	£4,480,000 (2024: £4,400,000).
How we determined it	0.5% of revenue	1% of total assets
Rationale for benchmark applied	We applied our professional judgement to determine that revenue is an appropriate measure used to assess the performance and growth objectives of the Group, as well as the scale of the Group's operations.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1,180,000 and £16,000,000.

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% (2023: 75%) of overall materiality, amounting to £17,865,000 (2024: £17,700,000) for the group financial statements and £3,360,000 (2024: £3,300,000) 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 in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £1,191,000 (group audit) (2024: £1,180,000) and £224,000 (company audit) (2024: £220,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report to the members of Vertu Motors plc (continued)

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:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting;
- Challenging management on the key assumptions included in the base case model, and challenging the severe but plausible scenarios modelled by management;
- Reviewing the sensitivities performed by management and understanding the impact this has on the level of headroom on banking facilities and on covenants;
- Comparing historical performance to historical forecasts to assess accuracy in the budget process, as well as assessing the year to date performance against budget for the 2026 financial year;
- Obtaining and reviewing the Group's financing arrangements, including assessing the compliance with banking covenants and the classification of debt between current and non-current; and
- Reviewing and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

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.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

Independent Auditors' Report to the members of Vertu Motors plc (continued)

Reporting on other information (continued)

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 28 February 2025 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.

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 FCA regulatory requirements, 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 AIM Rules, Companies Act 2006 and UK corporate tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or profit, or through management bias in manipulation of accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing Board minutes;
- Reviewing legal expenditure in the year to identify potential non-compliance with laws and regulations;

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the assessment of carrying value of goodwill and other indefinite life assets and the assessment of carrying value of investments in the company (see key audit matters above);
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Reviewing financial statements disclosures and obtaining supporting documentation to assess compliance with applicable laws and regulations.

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Nicholas Cook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
13 May 2025

Consolidated Income Statement

For the year ended 28 February 2025

	Note	Underlying items 2025 £'000	Non-underlying items 2025 (Note 8) £'000	Total 2025 £'000	Underlying items 2024 (as restated – Note 1) £'000	Non-underlying items 2024 (as restated – Note 1) £'000	Total 2024 (as restated – Note 1) £'000
Revenue	5	4,763,926	-	4,763,926	4,686,280	-	4,686,280
Cost of sales		(4,230,992)	-	(4,230,992)	(4,170,200)	-	(4,170,200)
Gross profit	5	**532,934**	**-**	**532,934**	**516,080**	**-**	**516,080**
Operating expenses	6	(480,528)	(4,569)	(485,097)	(459,879)	(160)	(460,039)
Operating profit / (loss)		**52,406**	**(4,569)**	**47,837**	**56,201**	**(160)**	**56,041**
Finance income	11	1,103	-	1,103	1,254	-	1,254
Finance costs	11	(24,190)	-	(24,190)	(22,728)	-	(22,728)
Profit / (loss) before tax		**29,319**	**(4,569)**	**24,750**	**34,727**	**(160)**	**34,567**
Taxation	12	(7,576)	929	(6,647)	(9,012)	158	(8,854)
Profit / (loss) for the year attributable to equity holders		**21,743**	**(3,640)**	**18,103**	**25,715**	**(2)**	**25,713**
Basic earnings per share (p)	13			**5.48**			**7.60**
Diluted earnings per share (p)	13			**5.10**			**7.11**

Consolidated Statement of Comprehensive Income

For the year ended 28 February 2025

	Note	2025 £'000	2024 £'000
Profit for the year		**18,103**	**25,713**
Other comprehensive income / (expense)			
Items that will not be reclassified to profit or loss:			
Actuarial gains / (losses) on retirement benefit obligations	30	1,471	(737)
Deferred tax relating to actuarial (gains) / losses on retirement benefit obligations	30	(368)	184
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	32	(187)	116
Deferred tax relating to cash flow hedges	32	47	(29)
Other comprehensive income / (expense) for the year, net of tax		**963**	**(466)**
Total comprehensive income for the year attributable to equity holders		**19,066**	**25,247**

Consolidated Balance Sheet

As at 28 February 2025

	Note	2025 £'000	2024 £'000
Non-current assets			
Goodwill and other indefinite life assets	15	135,506	129,092
Other intangible assets	16	1,557	1,971
Retirement benefit asset	30	3,895	2,477
Property, plant and equipment	18	357,453	335,295
Right-of-use assets	19	83,734	72,886
Derivative financial instruments	27	147	203
Total non-current assets		**582,292**	**541,924**
Current assets			
Inventories	21	816,939	761,996
Trade and other receivables	23	98,951	93,702
Current tax assets		-	203
Cash and cash equivalents	24	72,647	70,599
		988,537	926,500
Property assets held for sale	22	7,921	7,881
Total current assets		**996,458**	**934,381**
Total assets		**1,578,750**	**1,476,305**
Current liabilities			
Trade and other payables	25	(940,541)	(869,931)
Current tax liabilities		(148)	-
Deferred consideration	17	(1,000)	-
Contract liabilities	29	(11,753)	(13,400)
Borrowings	26	(5,081)	(4,395)
Lease liabilities	19	(19,182)	(17,710)
Total current liabilities		**(977,705)**	**(905,436)**
Non-current liabilities			
Deferred income tax liabilities	28	(26,097)	(22,024)
Contract liabilities	29	(8,435)	(10,075)
Borrowings	26	(134,133)	(120,183)
Lease liabilities	19	(74,829)	(65,214)
Total non-current liabilities		**(243,494)**	**(217,496)**
Total liabilities		**(1,221,199)**	**(1,122,932)**
Net assets		**357,551**	**353,373**
Capital and reserves attributable to equity holders of the Group			
Ordinary share capital	31	33,010	33,760
Share premium	31	124,939	124,939
Other reserve	31	10,645	10,645
Hedging reserve	32	80	220
Treasury share reserve	31	(4,812)	(2,056)
Capital redemption reserve	31	6,717	5,967
Retained earnings		186,972	179,898
Total equity		**357,551**	**353,373**

These consolidated financial statements on pages 97 to 151 have been approved for issue by the Board of Directors on 13 May 2025 and signed on its behalf by:

Robert Forrester
Chief Executive

Karen Anderson
Chief Financial Officer

Consolidated Cash Flow Statement

For the year ended 28 February 2025

	Note	2025 £'000	2024 £'000
Cash flows from operating activities			
Operating profit		47,837	56,041
Profit on sale of property, plant and equipment	6	(1,168)	(516)
Profit on lease modification	19	(47)	(411)
Amortisation of other intangible assets	16	558	568
Depreciation of property, plant and equipment	18	18,201	17,449
Depreciation of right-of-use asset	19	20,239	18,254
Impairment of freehold land and buildings	18	524	-
Impairment of goodwill	15	-	128
Movement in working capital	34	6,986	16,708
Share based payments charge		1,890	1,965
Cash inflow from operations		**95,020**	**110,186**
Tax received		1,328	552
Tax paid		(6,462)	(5,296)
Finance income received		984	1,099
Finance costs paid		(24,233)	(22,576)
Net cash inflow from operating activities		**66,637**	**83,965**
Cash flows from investing activities			
Acquisition of businesses, net of cash, overdrafts and borrowings acquired	17	(10,961)	(5,966)
Acquisition of freehold and long leasehold land and buildings		(2,230)	(3,003)
Purchases of intangible assets		(145)	(253)
Purchases of other property, plant and equipment		(24,611)	(23,686)
Proceeds from disposal of businesses		-	204
Proceeds from disposal of property, plant and equipment		5,575	3,589
Net cash outflow from investing activities		**(32,372)**	**(29,115)**
Cash flows from financing activities			
Proceeds from borrowings	33	12,526	-
Repayment of borrowings	33	(8,097)	(29,836)
Principal element of lease repayments	19	(19,954)	(18,183)
Purchase of treasury shares		(4,000)	-
Sale of treasury shares		46	115
Cash settled share options		-	(109)
Repurchase of own shares		(4,784)	(7,463)
Dividends paid to equity holders		(7,954)	(7,759)
Net cash outflow from financing activities		**(32,217)**	**(63,235)**
Net increase / (decrease) in cash and cash equivalents	33	**2,048**	**(8,385)**
Cash and cash equivalents at beginning of year		70,599	78,984
Cash and cash equivalents at end of year	24	**72,647**	**70,599**

Consolidated Statement of Changes in Equity

For the year ended 28 February 2025

	Ordinary share capital	Share premium	Other reserve	Hedging reserve	Treasury share reserve	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 March 2024	33,760	124,939	10,645	220	(2,056)	5,967	179,898	353,373
Profit for the year	-	-	-	-	-	-	18,103	18,103
Actuarial gains on retirement benefit obligations	-	-	-	-	-	-	1,471	1,471
Tax on items taken directly to equity	-	-	-	47	-	-	(368)	(321)
Fair value losses	-	-	-	(187)	-	-	-	(187)
Total comprehensive income for the year	-	-	-	(140)	-	-	19,206	19,066
Sale of treasury shares	-	-	-	-	1,244	-	(1,198)	46
Purchase of treasury shares	-	-	-	-	(4,000)	-	-	(4,000)
Repurchase of own shares	-	-	-	-	-	-	(4,870)	(4,870)
Cancellation of repurchased shares	(750)	-	-	-	-	750	-	-
Dividends paid	-	-	-	-	-	-	(7,954)	(7,954)
Share based payments charge	-	-	-	-	-	-	1,890	1,890
As at 28 February 2025	**33,010**	**124,939**	**10,645**	**80**	**(4,812)**	**6,717**	**186,972**	**357,551**

The other reserve is a merger reserve, arising from shares issued as consideration to the former shareholders of acquired companies.

The treasury share reserve relates to shares acquired by Ocorian Limited, the Trustee of Vertu Motors plc's Employee Benefit Trust ("EBT"). The shares were purchased by the Trustee to be held for the purposes of the EBT and may be used to transfer shares to individuals when options are exercised. This could include the Company's Long Term Incentive Plan ("LTIP"), the Company Share Option Plan ("CSOP") or Partnership Share Options ("PSO"), under which each of the executive directors of the Company, the Company's other PDMRs and certain other senior managers are potential participants and is therefore regarded as having a notional interest in these shares.

During the year, 2,631,017 shares were transferred from the EBT on exercise of vested CSOP and PSO awards and a further 6,032,573 shares were transferred into the EBT in anticipation of future share award exercises. 7,793,005 shares remain in the EBT at 28 February 2025.

All issued shares are fully paid.

Consolidated Statement of Changes in Equity (continued)

For the year ended 29 February 2024

	Ordinary share capital £'000	Share premium £'000	Other reserve £'000	Hedging reserve £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
As at 1 March 2023	**34,894**	**124,939**	**10,645**	**133**	**(2,653)**	**4,833**	**168,586**	**341,377**
Profit for the year	-	-	-	-	-	-	25,713	25,713
Actuarial losses on retirement benefit obligations	-	-	-	-	-	-	(737)	(737)
Tax on items taken directly to equity	-	-	-	(29)	-	-	184	155
Fair value gains	-	-	-	116	-	-	-	116
Total comprehensive income for the year	-	-	-	87	-	-	25,160	25,247
Sale of treasury shares	-	-	-	-	597	-	(482)	115
Repurchase of own shares	-	-	-	-	-	-	(7,463)	(7,463)
Cancellation of repurchased shares	(1,134)	-	-	-	-	1,134	-	-
Dividends paid	-	-	-	-	-	-	(7,759)	(7,759)
Share based payments charge	-	-	-	-	-	-	1,856	1,856
As at 29 February 2024	**33,760**	**124,939**	**10,645**	**220**	**(2,056)**	**5,967**	**179,898**	**353,373**

Notes to the Consolidated Financial Statements

1. Accounting policies

Basis of preparation

Vertu Motors plc is a Public Limited Company which is listed on the Alternative Investment Market (AiM) and is incorporated and domiciled in England. The address of the registered office is Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, Tyne and Wear, NE11 0XA. The registered number of the Company is 05984855.

The principal activity of the Group is the sale and servicing of motor vehicles.

The consolidated financial statements of Vertu Motors plc have been prepared in accordance with UK-adopted International Accounting Standards ("UK IFRS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The preparation of financial statements in conformity with UK 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or presentation of items of profit or loss are set out in note 4.

Going concern

The consolidated financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value.

In order to prepare the financial statements on the going concern basis, the Directors have considered detailed financial projections for a period of 12 months from the date of signing the financial statements ('Review Period'). These projections are based on the Group's detailed annual business plan for the year ending 28 February 2026 as well as the known financial performance of the Group in the period subsequent to 28 February 2025, projected forward to cover the Review Period ("Base Case"). The Directors have considered these financial projections in conjunction with the Group's available facilities, which are outlined in detail in note 26.

The Directors have also considered sensitivity analysis performed in respect of these forecasts to model the impact of various severe but plausible downside scenarios including reduced volume of new and used car sales, reduced demand from aftersales customers and further increases in the Group's operating cost base. This analysis did not indicate any issues with the Group's ability to operate within its banking facilities during the Review Period.

Based on the forecast information available and the sensitivity analysis performed as set out above, the Directors believe it is appropriate to prepare these financial statements on the going concern basis.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Vertu Motors plc and its subsidiary undertakings. Subsidiaries are all entities (including structured 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 to direct the activities of the entity. Subsidiaries are consolidated from the date at which control is transferred to the Group and they are excluded from the consolidated financial statements from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

1. Accounting policies (continued)

Basis of consolidation (continued)

The consolidated financial statements include the results of all subsidiaries owned by Vertu Motors plc listed on pages 160 to 162 of the annual report. Certain of these subsidiaries, which are listed below, have taken the exemption from an audit for the year ended 28 February 2025 by virtue of s479A of Companies Act 2006. Certain other subsidiaries, which are also listed below, have taken the exemption from preparing individual accounts for the year ended 28 February 2025 by virtue of s394A of Companies Act 2006. In order to allow these subsidiaries to take the audit exemption or exemption from the preparation of individual accounts (as appropriate), the parent company Vertu Motors plc has given a statutory guarantee of all the outstanding liabilities as at 28 February 2025 of the subsidiaries listed below, further details of which are provided in note 36.

The subsidiaries which have taken an exemption from an audit for the year ended 28 February 2025 by virtue of s479A Companies Act 2006 are:

Aceparts Limited
Albert Farnell Limited
All Car Parts Limited
Vertu First Investments Limited (formerly Bristol Street First Investments Limited)
Vertu Fourth Investments Limited (formerly Bristol Street Fourth Investments Limited)
Grantham Motor Company Limited
Helston Garages Limited
Helston Garages Group Limited
Macklin Property Limited
Rowes Garage Limited
Sigma Holdings Limited
South Hereford Garages Trade Parts LLP
Tyne Tees Finance Limited
Vans Direct Limited
Vertu Accident Repair Limited
Vertu Motors (Chingford) Limited
Vertu Motors (Continental) Limited
Vertu Motors (Property) Limited
Vertu Motors (Property 2) Limited
Vertu Motors Property 2 Holdings Limited
Vertu Motors (TMC) Limited (formerly Burrows Motor Company Limited)
Vertu Motors (VMC) Limited
Vertu Ventures Limited
Wiper Blades Limited

The subsidiaries which have taken an exemption from the preparation of individual accounts in respect of the year ended 28 February 2025 by virtue of s394A of Companies Act 2006 are:

Best4Vans Limited
Blacks Autos Limited
Blake Holdings Limited
Boydslaw 103 Limited
Bristol Street (No.1) Limited
Bristol Street (No.2) Limited
Bristol Street Commercials (Italia) Limited
Bristol Street Fifth Investments Limited
Bristol Street Fleet Services Limited
Bristol Street Group Limited
Bristol Street Limited
Brookside (1998) Limited
BSH Pension Trustee Limited
Carsandvansdirect Limited
Dobies (Carlisle) Limited
Dunfermline Autocentre Limited
Easy Vehicle Finance Limited
Farmer & Carlisle Holdings Limited
Farmer & Carlisle Leicester Limited
Farmer & Carlisle Limited
F.C. Business Operations Limited
Gordon Lamb Group Limited
Gordon Lamb Limited
Gordon Lamb Holdings Limited
Group SMB Limited
Helston Garages Group (Management) Limited
Hillendale Group Limited
Hughes of Beaconsfield Limited
International Concessionaires Limited
Jactamial Properties Limited
Merifield Properties Limited
Motor Nation Cars Limited
National Allparts Limited
Newbolds Garage (Mansfield) Limited
Nottingham TPS LLP
Peter Blake (Chatsworth) Limited
Peter Blake Limited
Power Bulbs Ltd
Power Bulbs Online Limited
SHG Holdings Limited
South Hereford Garages Limited
The Taxi Centre Limited
Typocar Limited
VanMan Limited
Vertu Fleet Limited
Vertu Motors (AMC) Limited
Vertu Motors (Durham) Limited
Vertu Motors (Finance) Limited
Vertu Motors (Knaresborough) Limited
Vertu Motors (Pity Me) Limited
Vertu Motors Third Limited
Westcountry Enterprises Limited
Westcountry Ventures Limited
Widnes Car Centre Limited

1. Accounting policies (continued)

Basis of consolidation (continued)

Hillendale LR Limited
Hughes Group Holdings Limited
Widnes Car Centre (1994) Limited

Adoption of new and revised standards and new standards issued but not yet effective

The Group has applied the following standards and amendments for the first time for their annual reporting period commending 1 March 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1;
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

New standards and interpretations issued but not yet effective and not early adopted:

- Amendments to IAS 21 – Lack of Exchangeability
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7
- IFRS 18, 'Presentation and Disclosure in Financial Statements'

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Changes to accounting policies and classification of items in the Income Statement

During the year ended 28 February 2025, the Group has changed its accounting policy in relation to income recognition in respect of warranty products. Previously, income was initially recognised as a contract liability at the fair value allocated to the warranty product at the point of sale and was released to the income statement on a straight-line basis over the life of each warranty policy. This accounting policy has been changed to recognise income in line with when the associated costs of the policy are incurred, which more accurately reflects the timing of the service provided. There was no significant difference in the year ended 29 February 2024 as a result of this change in accounting policy and therefore there is no restatement of the prior year comparatives.

The year ended 28 February 2025 was the first financial year where the Group's share-based payment charge in both the reporting and comparative period includes four years' worth of partnership share awards. Consequently, and as previously set out in the interim results announcement, the Group's share-based payment charge has been reclassified from non-underlying items into underlying items, restating the prior year comparative on the same basis. This change reflects the expected stability in future share-based payment charges. Additionally, given the immaterial nature of amortisation costs, these have also been reclassified from non-underlying and into underlying in the same way. As a result of these changes underlying operating expenses for the year ended 29 February 2024 have increased by £3,034,000 compared to the previously reported figures and non-underlying operating expenses have decreased by £3,034,000.

Finally, during the year ended 28 February 2025, the Group reclassified its revenue in relation to parts used in the preparation of vehicles for sale due to certain intercompany transactions not eliminating on consolidation. Consequently, such income is no longer presented within external revenue. As a result, turnover and cost of sales have both decreased by £33,307,000 for the year ended 29 February 2024. The equivalent value for the year ended 28 February 2025 was £33,711,000. There is no impact on gross profit and no significant impact on reported gross margins as a result of this change.

1. Accounting policies (continued)

Material accounting policies

The Directors consider that the accounting policies set out below are the most appropriate and have been consistently applied.

Leases

The Group leases various dealership premises, compounds and vehicles. Rental contracts are typically made for fixed periods of a minimum of 12 months to a maximum of 150 years and may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide 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.

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. 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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any incentives receivable,
- Variable lease payments that are based on an index or a rate,
- Amounts expected to be payable by the lessee under residual value guarantees,
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payment of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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 determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms 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, or
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Vertu Motors plc, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

1. Accounting policies (continued)

Material accounting policies (continued)

Leases (continued)

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- Any initial direct costs; and
- Restoration costs.

Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Termination and extension options

Termination options are included in a number of property leases across the Group and are used to maximise the flexibility to respond to the changing retail environment in the years ahead. In determining how likely it is that such an option would be exercised and therefore, the extent to which it is factored into the lease term for which the lease asset and liability is recognised, factors such as the length of the manufacturer agreement, location of the property and performance of the dealership trading from the leased property, are considered. Approximately one fifth of the Group's property leases have the benefit of a tenant break clause. Extension options are rarely present in the Group's lease arrangements.

Business combinations and goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognising identifiable assets (including intangible assets not previously recognised by the acquiree) and liabilities (including contingent liabilities) of acquired businesses at fair value. Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the consideration over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Where the net fair value of the acquired identifiable assets, liabilities and contingent liabilities exceeds the consideration, the excess or “negative goodwill” is recognised immediately in the Consolidated Income Statement. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of annual impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to an individual cash generating unit (“CGU”) or a group of CGUs, based on dealerships acquired together.

Each cash generating unit (“CGU”) or group of CGUs to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Gains and losses on the disposal of a business component are calculated on a basis which incorporates the carrying amount of goodwill relating to the business sold. Acquisition related costs are expensed to the Consolidated Income Statement as incurred.

1. Accounting policies (continued)

Material accounting policies (continued)

Other intangible assets

Intangible assets, when acquired separately from a business combination, comprise computer software and are carried at cost less accumulated amortisation and any impairment losses. Amortisation is provided on a straight-line basis to allocate the cost of the asset over its estimated useful life, which in the case of computer software is between four and six years.

Intangible assets, for example, franchise relationships, brands and customer relationships acquired as part of a business combination, are capitalised separately from goodwill if the asset is separable and where the asset arises from contractual or other legal rights. Such assets are stated at fair value less accumulated amortisation. Amortisation is provided on a straight-line basis over their expected useful lives. Intangible assets with an indefinite useful life, such as franchise relationships, are tested annually for impairment. Franchise relationships are considered to have an indefinite useful life as, whilst franchise contracts do have expiration dates, they are anticipated to be renewed at each expiration in line with past experience. Non-renewal would constitute a trigger for impairment. Other intangible assets arising as part of a business combination are typically allocated a useful life of between 10 and 20 years.

Amortisation of intangible assets is included within Operating Expenses in the Statement of Comprehensive Income.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the asset. Assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Freehold land is not depreciated. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment less their estimated residual values, on a straight-line basis over their estimated useful lives, as follows:

Freehold buildings	2%
Long leasehold buildings	Shorter of lease term and 50 years
Short leasehold buildings	Lease term (under 25 years)
Franchise standards property improvements	20%
Vehicles and machinery	10% - 20%
Furniture, fittings and equipment	20% - 50%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating expenses' in the consolidated income statement, except where amounts are material and are disclosed separately in 'non-underlying items'.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost for parts is determined using the first-in, first-out (FIFO) method. Costs incurred in bringing each product to its present location and condition are included and cost is based on price including delivery costs less specific trade discounts. Net realisable value is based on estimated selling price less further costs to be incurred on disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

1. Accounting policies (continued)

Material accounting policies (continued)

Inventories (continued)

The timing of recognition of new vehicle inventory as an asset of the Group is dependent on the terms of the purchase which vary between each of the Group's Manufacturer Partners ("OEM"). Each OEM has its own arrangements for the supply, invoicing and funding of new vehicle inventory to the Group, however, these arrangements can be summarised largely into three different types:

1. 'Invoiced' arrangements
2. 'Consignment' arrangements
3. 'Interest bearing' arrangements which can relate to vehicles in either category 1 or 2 above, but where the funding of the vehicle attracts an interest cost from the Manufacturer.

'Invoiced' arrangements

These are where the Group receives an invoice for a vehicle which the OEM has agreed to supply, regardless of where the vehicle is physically located within the supply chain, not necessarily on Group premises. The earliest point at which we have control of the asset under this scenario is when the OEM has a right to payment for the asset, which the Group consider to be the point at which the vehicle is invoiced. Therefore, the Group recognises such invoiced vehicles in inventory and trade payables.

'Consignment' arrangements

These are where the Group would be allocated a vehicle by the OEM but for which no invoice is received, and no funding costs are applied. Such vehicles may be physically present in the Group's dealerships or elsewhere within the supply chain at the point of consignment. Such vehicles are not recorded as an asset while on consignment due to the Group not having control of the asset at this point, as title is retained by the OEM until the vehicle is invoiced to the Group. This would typically coincide with either the vehicle being sold by the Group to a third party or after a pre-determined period of time has elapsed (varies by OEM but may be up to 365 days) at which point full payment for the vehicle is required.

'Interest bearing' arrangements

Under both 'invoiced' and 'consignment' arrangements, if the vehicle remains unsold after a certain amount of time, it may start to accrue interest, resulting in an interest charge from the manufacturer. At this point, for 'consignment' arrangements, even though legal title has not passed, the vehicle is recognised in inventory and a corresponding liability recognised in trade payables at the consigned price. This is because the Group has significant risks and rewards of ownership at the point interest starts to accrue as a result of not having sold the vehicle, and therefore control is deemed to have passed.

Other vehicle inventory is recognised upon title passing to the Group, typically on physical receipt.

As part of its normal trading activities the Group has contracted to repurchase, at predetermined values and dates, certain vehicles it has previously supplied. The Group recognises its residual interest in these vehicles through the inclusion of such vehicles within inventory, at the lower of the repurchase price or estimated recoverable value, with a liability equal to the repurchase price within trade payables.

1. Accounting policies (continued)

Material accounting policies (continued)

Supplier finance arrangements

As a function of the Group's Manufacturer franchise new vehicle supply arrangements explained above, the Group, from time-to-time, utilises funding lines which are provided by either the Manufacturer's captive finance company or a designated finance provider associated with a specific Manufacturer. This would typically involve new vehicle purchases being provided with credit terms ranging from 14 to 365 days depending on the specific Manufacturer, the sales type and the timing of onward sale of the vehicle by the Group to the customer. Interest may be charged at market rates, typically after a pre-determined period of time has elapsed. As this is a function of the Group's franchisee business model and the franchise partner relationship with its Manufacturers, this is not considered to represent a Supplier Finance Arrangement as defined by the amendments to PAS 7 and IFRS 7. The Group consequently has no Supplier Finance Arrangements.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Consolidated Income Statement within operating expenses.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade payables

Trade payables are recognised at fair value initially and subsequently measured at amortised cost using the effective interest method.

Impairment of financial and non-financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets are impaired.

If there is objective evidence that an impairment loss on loans and receivables at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rates. The amount of the loss is recognised in the Consolidated Income Statement.

At each reporting date, the Group assesses whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where fair value cannot be determined then the recoverable amount will be determined by reference to value in use. Value in use is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets.

1. Accounting policies (continued)

Material accounting policies (continued)

Impairment of financial and non-financial assets (continued)

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows of separately identifiable Cash Generating Units ("CGU"s) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognised in the Consolidated Income Statement in the expense category consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of any amount

recoverable. A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the impairment loss was recognised.

Derivative financial instruments

The Group manages its interest rate risk through hedging instruments. The Group recognises hedging instruments at fair value with any gain or loss on measurement recognised in the Consolidated Income Statement. The Group does not hold or issue derivative financial instruments for speculative purposes.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The only derivative financial instruments held by the Group throughout the year were cash flow hedges swapping floating for fixed interest rates or capping a floating rate. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. Any gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement within finance income or costs.

Amounts accumulated in equity are recycled in the Consolidated Income Statement in the years when the hedged item affects profit and loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Consolidated Income Statement within 'finance costs'. The fair values of derivative financial instruments used for hedging purposes are disclosed in note 27.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Consolidated Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported within equity is immediately transferred to the Consolidated Income Statement within finance income or costs.

Material accounting policies (continued)

Taxation

Current tax

Current income tax assets and liabilities are measured at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences, except:

a. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

b. in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

a. where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

b. in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items credited or charged direct to equity in which case the deferred tax is also credited or charged to equity.

Revenue

Revenue for the sale of goods and services is measured at the fair value of consideration receivable, net of value added tax and any discounts. It excludes sales related taxes and intra group transactions. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sale of motor vehicles, parts and aftersales services

Sales of vehicles and parts are recognised when the customer has control of the goods. In practice this means that revenue is recognised when vehicles or parts are invoiced and physically despatched or when a service has been undertaken. Manufacturer incentives (e.g. free service when purchasing a vehicle) do not impact the Group as the legal obligation lies with the manufacturer.

1. Accounting policies (continued)

Material accounting policies (continued)

Revenue (continued)

Principal vs Agent sales

Judgement is applied to all sales arrangements with the Group's Manufacturer partners to determine whether the Group is acting as Agent on behalf of the Manufacturer, or Principal.

Judgement is required in applying consideration of who has responsibility for fulfilling the promise of the sale, who holds the associated inventory risk and who has price discretion over the product.

Where the Group determines that it is acting as the Principal in a sales arrangement, the sales value is recognised within revenue and the cost recognised within cost of sales in the period in which the vehicle or part is delivered.

Where the Group determines that it is acting as an Agent on behalf of the Manufacturer, the Group recognises the associated handling fee income within revenue in the period in which the vehicle or part is delivered.

Sale of warranty products

Revenue is recognised in line with the timing of the Group's performance obligation. In practice, this typically relates to when the associated costs under the warranty policy are incurred.

Finance commissions

Finance commissions are received for the arrangement of vehicle financing and related insurance products. Commissions are based on agreed rates and income is recognised when the finance and/or insurance package that the customer has entered into commences. Typically, this is on delivery of the vehicle. Where the commission received relates to a specific vehicle sale, it is recognised within revenue. Where the commission received relates to a central rebate, it is recognised within cost of sales.

Manufacturer rebates

Vehicle specific rebates from Manufacturers are recognised when it is probable that the economic benefit will flow to the Group and the value can be reliably measured. In practice, this means that vehicle specific Manufacturer rebates are recognised when the vehicle to which the rebate relates, has been invoiced and physically despatched. In the case of non-vehicle specific related rebates from suppliers, these are recognised in the Consolidated Income Statement upon achievement of the specific agreed supplier criteria. Manufacturer rebates are recognised within cost of sales.

Disaggregation of revenue:

The table below shows revenue disaggregated by the Group's main product/service lines:

	2025 £'000	**2024 £'000**
Aftersales	417,799	380,180
Used cars	1,851,429	1,816,230
New car retail & Motability	1,439,922	1,452,508
New fleet & commercial	1,054,776	1,037,362
Total	**4,763,926**	**4,686,280**

All of the Group's revenue streams are recognised at a point in time based on the recognition criteria outlined above.

All of the Group's revenue was generated in the United Kingdom.

1. Accounting policies (continued)

Material accounting policies (continued)

Revenue (continued)

Contract liabilities

Where the Group receives consideration for a sale in advance of the performance obligation being satisfied, the amount received is held on the balance sheet within contract liabilities and released to the income statement in line with the relevant revenue recognition policy.

Pension costs

The Group operates a trust based defined benefit pension scheme, "Bristol Street Pension Scheme", which has three defined benefit sections which were closed to new entrants and future accrual on 31 May 2003, with another section closed to new entrants in July 2003 and future accrual in October 2013.

Typically, defined benefit schemes define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The assets of the defined benefit scheme are held separately from the assets of the Group. The asset or liability recognised in the balance sheet in respect of the defined benefit pension scheme is the fair value of plan assets less the present value of the defined benefit obligations at the balance sheet date. Defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Differences between the actual and expected return on assets, changes in retirement benefit obligations due to experience and changes in actuarial assumptions are included in the Statement of Comprehensive Income in full for the year in which they arise.

A Group personal pension arrangement under which the Group pays fixed contributions into an individual's funds, is also in place. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay employees the benefits relating to employee service in the current and prior years. Contributions into this scheme are charged to the Consolidated Income Statement in the year in which they are payable.

Share based payments

The Group allows employees to acquire shares of the Company through share option schemes. The fair value of share options granted is recognised as an employee expense with a corresponding increase in equity. The Group operates a number of equity-settled, share-based compensation plans. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Consolidated Income Statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. Where an exercise is settled by an issue of shares from the Group's Employee Benefit Trust, this is credited to the treasury share reserve.

1. Accounting policies (continued)

Material accounting policies (continued)

Share based payments (continued)

Non-underlying items

Non-underlying items are presented separately in the Consolidated Income Statement to enhance comparability of trading performance between periods. Details of the items included as non-underlying are provided in note 8.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"), Robert Forrester, Chief Executive Officer, who is responsible for allocating resources and assessing performance of the operating segment.

Share capital

Ordinary shares are classed as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distribution

Final dividends to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when they are paid.

2. Financial risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt market prices and interest rates. The Group's treasury management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group used derivative financial instruments to reduce exposure to interest rate movements on drawn debt. The outstanding derivative instruments held by the Group at the balance sheet date are set out in note 27.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide principles on interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity.

The Board adopts an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

Market Risk – Cash Flow Interest Rate Risk

The Group's interest rate risk arises from long-term borrowings, which are issued at variable rates that expose the Group to cash flow interest rate risk. The Group's borrowings are denominated in sterling.

The interest rate exposure of the Group is managed within the constraints of the Group's business plan and the financial covenants under its facilities. The Group has performed calculations to analyse its interest rate exposure taking into account refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent major interest-bearing positions.

2. Financial risk management (continued)

Credit Risk

Credit risk arises from cash and deposits with banks as well as credit exposures to customers. Individual customer risk limits are set based on external credit reference agency ratings and the utilisation of these credit limits is regularly monitored. Further disclosure on credit exposure is given in note 23.

Liquidity Risk

Ultimate responsibility for liquidity risk rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, including the potential impact of plausible downside scenarios and contingent liabilities that may fall due should they materialise, and matching the maturity profiles of financial assets and liabilities.

Disclosed within note 26 are the undrawn banking facilities that the Group has at its disposal.

The table below analyses the Group's financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. All borrowings are denominated in sterling.

	Less than one year £'000	Between one and two years £'000	Between two and five years £'000	Between five and ten years £'000	Over ten years £'000	Total £'000
Bank borrowings	3,528	3,528	58,658	-	-	65,714
Mortgage	10,559	10,527	29,430	41,650	41,934	134,100
Lease liabilities	22,013	17,542	32,392	26,350	13,441	111,738
Contract liabilities	11,753	5,320	3,115	-	-	20,188
Trade and other payables (excluding social security and other taxes)	925,251	-	-	-	-	925,251
At 28 February 2025	**973,104**	**36,917**	**123,595**	**68,000**	**55,375**	**1,256,991**

	Less than one year £'000	Between one and two years £'000	Between two and five years £'000	Between five and ten years £'000	Over ten years £'000	Total £'000
Bank borrowings	2,662	2,662	46,006	-	-	51,330
Mortgage	9,522	9,338	27,103	38,990	48,834	133,787
Lease liabilities	21,313	16,433	29,949	20,441	7,995	96,131
Contract liabilities	13,400	6,565	3,494	16	-	23,475
Trade and other payables (excluding social security and other taxes)	858,695	-	-	-	-	858,695
At 29 February 2024	**905,592**	**34,998**	**106,552**	**59,447**	**56,829**	**1,163,418**

3. Capital risk management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Group must ensure that sufficient capital resources are available for working capital requirements, principal and interest payment obligations payable under the Group's borrowing facilities and leases and for meeting any contingent liabilities that may fall due should they materialise.

Consistent with others in this industry, the Group monitors capital on the basis of the gearing ratio, which is calculated as net debt (excluding lease liabilities) divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the Consolidated Balance Sheet) less cash and cash equivalents. Total capital is calculated as total equity as shown on the consolidated balance sheet.

The Group had net debt of £160,578,000 (including £94,011,000 lease liabilities) at 28 February 2025 as disclosed in note 33 to the consolidated financial statements (2024: net debt of £136,903,000 including £82,924,000 lease liabilities).

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are considered to approximate their fair values. The fair value of long-term borrowings approximates to the carrying value reported in the balance sheet, as the majority are variable rate borrowings.

4. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Critical accounting estimates

Valuation of goodwill

The valuation of goodwill acquired is performed in accordance with IFRS 3 and is therefore based on provisional values ascribed within the measurement period subsequent to acquisition. Estimates are used in determining the existence and value of separately identifiable assets acquired as part of a business combination, further details are given in Note 17.

Valuation of other intangible assets

When a business combination takes place, the Group is required to assess whether there are any additional intangible assets arising separately from goodwill. Management use estimates, such as royalty rates, weighted average cost of capital, growth rates and customer retention rates to determine whether an intangible asset can be separately identified, what fair value should be ascribed to the asset and its attributable useful life. Other intangible assets are set out in Notes 15 and 16.

Impairment of goodwill and other indefinite life assets

The Group tests annually, or whenever events or changes in circumstances occur, to determine whether goodwill or other indefinite life assets have suffered any impairment, in accordance with the accounting policy stated above and in note 15. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Details of the key assumptions used for the impairment testing for the year ended 28 February 2025, as well as the results of sensitivity analysis performed, are provided in note 15.

4. Critical accounting estimates and judgements (continued)

Critical accounting estimates (continued)

Estimated useful life of intangibles, property, plant and equipment and impairment testing

The Group estimates the useful life and residual values of intangible assets, property, plant and equipment and reviews these estimates at each financial year end. The Group also tests for impairment when a trigger event occurs, or annually, as appropriate. The depreciation and amortisation rates applied are set out in Note 1.

Pension benefits

During the year ended 28 February 2025, the Group operated one defined benefit pension scheme, the "Bristol Street Pension Scheme". The obligations under this defined benefit scheme are recognised in the Consolidated Balance Sheet and represent the present value of the obligations calculated by independent actuaries, with input from management. These actuarial valuations include assumptions such as discount rates, annual rates of return and mortality rates. These assumptions vary from time to time according to prevailing economic conditions. Details of the assumptions used for the scheme in the year ended 28 February 2025 are provided in note 30.

Valuation of inventory

Judgement is applied in the assessment of used vehicle inventory carrying values at 28 February 2025. Assessment of market conditions, latest industry guidance and the length of time vehicles have been held in inventory are all considered in the application of this judgement.

Critical accounting judgements

Revenue recognition

The Group's main product/service lines are the sale of motor vehicles, parts and aftersales services. The Group operates an income recognition policy that ensures that revenue is recognised in line with satisfaction of the performance obligation, as set out in note 1.

A transaction price allocation for a sale, which may include more than one product, is straightforward as it is based on distinct items, each with a separate sales value, which are separately identifiable. It is not unusual, however, for a discount to be applied to a vehicle sale, in a sale transaction which may or may not include multiple other products. Therefore, there is judgement involved in determining the appropriate allocation of such a discount between the products involved in the sale, particularly where there is a difference in when the relevant performance obligations are satisfied, between the relevant products.

Principal vs Agent sales

Judgement is applied to all sales arrangements with the Group's Manufacturer partners to determine whether the Group is acting as Agent on behalf of the Manufacturer, or Principal.

Judgement is required in applying consideration of who has responsibility for fulfilling the promise of the sale, who holds the associated inventory risk and who has price discretion over the product.

5. Segmental information

The Group adopts IFRS 8 "Operating Segments", which determines and presents operating segments based on information provided to the Group's Chief Operating Decision Maker ("CODM"), Robert Forrester, Chief Executive Officer. The CODM receives information about the Group overall and therefore there is one operating segment.

The CODM assesses the performance of the operating segment based on a measure of both revenue and gross margin. However, to increase transparency, the Group has included below an additional voluntary disclosure analysing revenue and gross margin within the reportable segment.

Year ended 28 February 2025	**Revenue £'000**	**Revenue Mix %**	**Gross Profit £'000**	**Gross Profit Mix %**	**Gross Margin[1] %**
Aftersales	417,799	8.8	236,145	44.3	43.7
Used vehicles	1,851,429	38.9	130,886	24.6	7.1
New car retail and Motability	1,439,922	30.2	110,174	20.7	7.7
New fleet and commercial	1,054,776	22.1	55,729	10.4	5.3
	4,763,926	**100.0**	**532,934**	**100.0**	**11.2**

Year ended 29 February 2024 (as restated – Note 1)	**Revenue £'000**	**Revenue Mix %**	**Gross Profit £'000**	**Gross Profit Mix %**	**Gross Margin[1] %**
Aftersales	380,180	8.1	218,437	42.3	43.5
Used vehicles	1,816,230	38.8	122,504	23.7	6.7
New car retail and Motability	1,452,508	31.0	119,547	23.2	8.2
New fleet and commercial	1,037,362	22.1	55,592	10.8	5.4
	4,686,280	**100.0**	**516,080**	**100.0**	**11.0**

[1] Margin in aftersales expressed on internal and external revenue. A significant part of the role of the service department is to support the vehicle sales department and therefore internal revenue is considered to be an important element of margin for the purpose of monitoring departmental performance.

6. Operating expenses

	2025 £'000	**2024 £'000**
Wages and salaries excluding share based payments charge (note 9)	271,550	253,864
Depreciation on property, plant and equipment (note 18)	18,201	17,449
Depreciation on right-of-use assets (note 19)	20,239	18,254
Profit on disposal of property, plant and equipment	(1,168)	(516)
Profit on lease modification (note 19)	(47)	(411)
Auditors' remuneration (note 7)	404	385
Rental income	(219)	(565)
Share based payments charge (note 31)	2,158	2,466
Amortisation (note 16)	558	568
Non-underlying items (note 8):		
- Redundancy costs (note 8)	2,817	872
- Rebrand costs (note 8)	794	-
- Impairment of freehold land & buildings (note 18)	524	-
- Impairment of goodwill (note 15)	-	128
- Other site closure costs (note 8)	106	-
- Acquisition costs (note 8)	328	-
- Lease surrender premium (note 8)	-	(840)
Other expenses	168,852	168,385
	485,097	**460,039**

7. Auditors' remuneration

	2025 £'000	2024 £'000
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	404	385
	404	**385**

8. Non-underlying items

	2025 £'000	2024 (as restated – Note 1) £'000
Redundancy costs	(2,817)	(872)
Rebrand costs	(794)	-
Impairment of freehold land and buildings (note 18)	(524)	-
Impairment of goodwill (note 15)	-	(128)
Other site closure costs	(106)	-
Acquisition costs	(328)	-
Lease surrender premium	-	840
Non-underlying loss before tax	**(4,569)**	**(160)**
Tax on non-underlying items (note 12)	929	158
Non-underlying loss for the year attributable to equity holders	**(3,640)**	**(2)**

Non-underlying items for the year ended 28 February 2025 included the following items:

The changes to the minimum wage and National Insurance contributions announced in the Autumn Budget in October 2024 will add c. £10,000,000 to the Group's labour costs in the year ending 28 February 2026. To offset these significant cost increases, the Group acted to reduce headcount and undertake other cost actions on a proactive basis. This was achieved through various measures, including a targeted headcount reduction programme and the closure of two dealerships. This led to the headcount reduction of approximately 290 colleagues representing 3.8% of the workforce. Moreover, outstanding vacancies of around 250 jobs were not actioned immediately after the Autumn statement. The associated termination costs of £2,817,000 have been included in non-underlying costs due to the scale and one-off nature of this initiative.

Part of this cost reduction exercise was the consolidation of the Group's dealerships under the single 'Vertu' brand. The re-brand costs, largely the cost of new signage at each of the Group's volume dealerships, of £794,000 have been included in non-underlying costs. Ongoing annual marketing savings are anticipated going forward of c. £5,000,000 once rebranding activities (including a short-term rise in spend in the immediate period after rebranding) have ceased. The simplicity of one brand and one website for the operations of the business is significant.

Impairment charges relate to the carrying values of the two properties closed as part of the above initiative, with the decision made to seek speedy realisation into cash. One of the properties located in Dorchester, closed in December 2024, was sold, for cash, on 31 March 2025 generating cash proceeds of £1,250,000. This resulted in an impairment charge of £289,000 in respect of this property. The second now vacant property, closed in March 2025, located in Barnstaple, is currently under offer for sale. A prudent view of the likely sales proceeds has been taken and consequently an impairment provision of £235,000 has been included in non-underlying items.

Finally, the acquisition costs relating to the purchase of Burrows Motor Company Limited, completed in October 2024, have also been included in non-underlying costs.

Non-underlying items are presented separately in the Consolidated Income Statement to enhance comparability of trading performance between periods.

8. Non-underlying items (continued)

Prior year reclassification

The year ended 28 February 2025 was the first financial year where the Group's share-based payment charge in both the reporting and comparative period includes four years' worth of partnership share awards. Consequently, and as previously set out in the interim results announcement, the share-based payment charge has been reclassified from non-underlying items into underlying items, restating the FY24 comparative on the same basis. This change reflects the expected stability in future share-based payment charges. Additionally, given the immaterial nature of amortisation costs, these have also been reclassified from non-underlying and into underlying in the same way. As a result of these changes underlying operating expenses for the year ended 29 February 2024 have increased by £3,034,000 compared to the previously reported figures and non-underlying operating expenses have decreased by £3,034,000.

9. Employee benefit expense

	2025 £'000	2024 £'000
Wages and salaries	286,074	267,746
Social security costs	29,982	27,711
Pension costs – defined contribution plans	7,846	7,374
	323,902	**302,831**
Share based payments charge (note 31)	2,158	2,466
	326,060	**305,297**

Employee benefit expense included in:

	2025 £'000	2024 £'000
Operating expenses	271,550	253,864
Cost of sales	52,352	48,967
Share based payments charge (note 31)	2,158	2,466
	326,060	**305,297**

9. Employee benefit expense (continued)

Directors' remuneration

The remuneration of the Directors who served during the period from 1 March 2023 to 29 February 2024 and from 1 March 2024 to 28 February 2025 is as follows:

	Salary or fees		Taxable Benefits[1]		Pension		Bonus		Long Term Incentive Plan		Single total figure	
	£'000		£'000		£'000		£'000		£'000		£'000	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**[3]	2024[2]	**2025**	2024
Executive Directors												
R T Forrester	**415**	415	**6**	4	**68**	68	**265**	76	**75**	317	**829**	880
K Anderson	**263**	263	**4**	3	**43**	43	**126**	36	**42**	178	**478**	523
D P Crane	**263**	263	**3**	4	**43**	43	**126**	36	**42**	178	**477**	524
Non-Executive Directors												
A P Goss	**130**	130	**1**	1	**-**	-	**-**	-	**-**	-	**131**	131
P Best	**59**	52	**1**	1	**-**	-	**-**	-	**-**	-	**60**	53
J Mewett	**45**	34	-	-	**-**	-	**-**	-	**-**	-	**45**	34
D Gillard	**49**	8	-	-	**-**	-	**-**	-	**-**	-	**49**	8
A Cox[4]	**8**	-	-	-	**-**	-	**-**	-	**-**	-	**8**	-
K Lever[4]	**20**	62	-	1	**-**	-	**-**	-	**-**	-	**20**	63
Total	**1,252**	1,227	**15**	14	**154**	154	**517**	148	**159**	673	**2,097**	2,216

[1] Taxable benefits include company vehicle or vehicle insurance and private medical insurance premiums.
[2] Represents PSO nil cost awards granted in March 2022 which vested in March 2023. The value has been calculated by reference to the closing share price of the Company on 1 March 2023. These vested awards are subject to a 3 year holding period.
[3] Represents PSO nil cost awards granted in March 2023 which vested in March 2024. The value has been calculated by reference to the closing share price of the Company on 1 March 2024. These vested awards are subject to a 3 year holding period.
[4] Represents part periods, K Lever left the Board in June 2024 and A Cox joined in January 2025.

Directors' Share Option Schemes

The movement in share options held by the Directors during the year ended 28 February 2025 is as follows:

	Number at 1 March 2024	Exercised in Year	Lapsed in Year	Granted in Year[1]	Number at 28 February 2025
R T Forrester	**1,446,661**	-	(374,069)	426,600	1,499,192
K Anderson	**1,313,874**	-	(210,447)	240,000	1,343,427
D P Crane	**1,313,874**	-	(210,447)	240,000	1,343,427

[1] These Partnership Share Scheme awards vested in March 2025 at a rate of 79.9% and are subject to a holding period of three years prior to being exercised.

Share Option Scheme vesting criteria*:*

Vesting is directly linked to the individual beneficiary's percentage achievement of bonus earnings for each financial year with this capped at 100% of total award. For example, if an individual earns 95% of bonus 95% of the award vests.

Vested options are subject to a three year holding period before they are capable of exercise. No options were available for exercise by Executive Directors during the year ended 28 February 2025.

10. Average monthly number of people employed (including Directors)

	2025 Number	2024 Number
Sales and distribution	2,427	2,302
Service, parts and accident repair centres	3,782	3,577
Administration	1,520	1,562
	7,729	**7,441**

11. Finance income and costs

	2025 £'000	2024 £'000
Interest on short-term bank deposits	983	1,099
Net finance income relating to defined benefit pension scheme (note 30)	120	155
Finance income	**1,103**	**1,254**
Bank loans and overdrafts	(10,277)	(9,924)
Vehicle stocking interest	(9,853)	(9,347)
Lease liability interest (note 19)	(4,060)	(3,457)
Finance costs	**(24,190)**	**(22,728)**

12. Taxation

	2025 £'000	2024 £'000
Current tax		
Current tax charge	5,896	6,437
Adjustment in respect of prior years	(943)	(440)
Total current tax	**4,953**	**5,997**
Deferred tax		
Origination and reversal of temporary differences	1,409	2,393
Adjustment in respect of prior years	285	411
Rate differences	-	53
Total deferred tax (note 28)	**1,694**	**2,857**
Income tax expense	**6,647**	**8,854**

	2025 £'000	2024 £'000
Profit before taxation	24,750	34,567
Profit before taxation multiplied by the rate of corporation tax in the UK of 25% (2024: 24.5%)	6,188	8,469
Non-qualifying depreciation	939	768
Non-deductible expenses	513	471
Effect on deferred tax balances due to rate change	-	53
Lease accounting timing difference	59	(88)
Property adjustment	(323)	(201)
Permanent benefits	(71)	(589)
Adjustments in respect of prior years	(658)	(29)
Total tax expense included in the income statement	**6,647**	**8,854**

12. Taxation (continued)

A summary of the Group's tax expense in respect of underlying and non-underlying items is as follows:

	Underlying items 2025 £'000	Non-underlying items 2025 £'000	Total 2025 £'000	Underlying items 2024 (as restated – Note 1) £'000	Non-underlying items 2024 (as restated – Note 1) £'000	Total 2024 £'000
Profit/(loss) before tax	29,319	(4,569)	24,750	34,727	(160)	34,567
Taxation	(7,576)	929	(6,647)	(9,012)	158	(8,854)
Profit/(loss) after tax	**21,743**	**(3,640)**	**18,103**	**25,715**	**(2)**	**25,713**
Effective tax rate	**25.84%**		**26.86%**	**25.95%**		**25.61%**

The Group's underlying effective rate of tax is 25.84% (2024 (restated): 25.95%) which is broadly in line with the standard rate of corporation tax in the UK.

The overall effective tax rate of 26.86% includes tax on non-underlying items (2024: 25.61%).

13. Earnings per share

Basic and diluted earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year or the diluted weighted average number of ordinary shares in issue during the year.

For the purposes of calculating the weighted average shares in issue, shares held by the Group's employee benefit trust are excluded as rights to dividends on such shares have been waived. Details of the shares held in the Group's employee benefit trust are provided on page 86.

The Group only has one category of potentially dilutive ordinary shares, which are share options. A calculation has been undertaken to determine the number of shares that could have been acquired at fair value (determined at the average annual market price of the Group's shares) based on the monetary value of the subscription rights attached to the outstanding share options.

The number of shares calculated, as set out above, is compared with the number of shares that would have been issued assuming the exercise of the share options.

Underlying earnings per share is calculated by dividing underlying earnings attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

	2025 £'000	2024 (as restated – Note 1) £'000
Profit attributable to equity shareholders	18,103	25,713
Non-underlying loss after tax (note 12)	3,640	2
Underlying earnings attributable to equity shareholders	**21,743**	**25,715**
Weighted average number of shares in issue ('000s)	330,599	338,355
Potentially dilutive shares ('000s)	24,117	23,376
Diluted weighted average number of shares in issue ('000s)	**354,716**	**361,731**
Basic earnings per share	**5.48p**	**7.60p**
Diluted earnings per share	**5.10p**	**7.11p**
Basic underlying earnings per share	**6.58p**	**7.60p**
Diluted underlying earnings per share	**6.13p**	**7.11p**

14. Dividends per share

Dividends of £7,954,000 were paid in the year ended 28 February 2025 (2024: £7,759,000), 2.40p per share (2024: 2.30p).

A final dividend of 1.15p per share is to be proposed at the Annual General Meeting on 25 June 2025. The ex-dividend date will be 26 June 2025 and the associated record date 27 June 2025. The dividend will be paid, subject to shareholder approval, on 25 July 2025 and these financial statements do not reflect this final dividend payable.

15. Goodwill and other indefinite life assets

2025	Goodwill £'000	Franchise relationships £'000	Total £'000
Cost			
At 1 March 2024	103,268	43,903	147,171
Acquisitions (note 17)	4,625	1,789	6,414
At 28 February 2025	**107,893**	**45,692**	**153,585**
Accumulated impairment charges			
At 1 March 2024 and 28 February 2025	**18,079**	**-**	**18,079**
Net Book Value			
At 28 February 2025	**89,814**	**45,692**	**135,506**
At 29 February 2024	**85,189**	**43,903**	**129,092**

2024	Goodwill £'000	Franchise relationships £'000	Total £'000
Cost			
At 1 March 2023	102,128	43,903	146,031
Acquisitions	1,140	-	1,140
At 29 February 2024	**103,268**	**43,903**	**147,171**
Accumulated impairment charges			
At 1 March 2023	17,951	-	17,951
Impairment charges	128	-	128
At 29 February 2024	**18,079**	**-**	**18,079**
Net Book Value			
At 29 February 2024	**85,189**	**43,903**	**129,092**
At 28 February 2023	**84,177**	**43,903**	**128,080**

15. Goodwill and other indefinite life assets (continued)

Impairment

In accordance with IAS 36, ‘Impairment of Assets’, the Group tests the following assets for impairment annually:

- Goodwill and other indefinite life assets
- Other assets where there is any indication that the relevant asset may be impaired

In the years ended 28 February 2025 and 29 February 2024, acquired goodwill and other indefinite life assets were tested for impairment.

For the purposes of impairment testing, the Directors recognise a Cash Generating Unit (“CGU”) to be an individual dealership operation, with goodwill allocated to a group of CGUs based on dealerships acquired together.

Sales completed solely on-line are allocated to the dealership which delivers the vehicle to the customer. Such sales are immaterial to the Group.

A summary of the net book value of goodwill purchased is presented below:

	2025 £’000	2024 £’000
Bristol Street Group Limited	13,860	13,860
Albert Farnell Limited	12,529	12,529
Helston Garages Group Limited	8,912	8,912
SHG Holdings Limited	7,842	7,842
Hillendale Group Limited	4,409	4,409
Sigma Holdings Limited and Hughes Group Holdings Limited	5,874	5,874
Gordon Lamb Group Limited	5,754	5,754
Vans Direct Limited	4,475	4,475
Bolton Land Rover	4,415	4,415
Burrows Motor Company Limited	4,385	-
Farmer & Carlisle Holdings Limited	2,769	2,769
Wiper Blades Limited	1,607	1,607
Leeds, Huddersfield, Harrogate and Skipton Volkswagen	1,114	1,114
Rowes Garage Limited	1,140	1,140
Other acquisitions	10,729	10,489
	89,814	**85,189**

There are a number of business acquisitions included within the "other acquisitions" total shown above. The value of goodwill on such acquisitions were individually immaterial and in aggregate are not significant relative to the total value of goodwill in the Group.

15. Goodwill and other indefinite life assets (continued)

A summary of franchise relationships acquired is presented below:

	2025 £'000	2024 £'000
Helston Garages Group Limited	15,008	15,008
Sigma Holdings Limited and Hughes Group Holdings Limited	9,989	9,989
Albert Farnell Limited	7,373	7,373
Gordon Lamb Group Limited	3,207	3,207
Bolton Land Rover	2,595	2,595
Burrows Motor Company Limited	1,789	-
Hillendale Group Limited	1,749	1,749
SHG Holdings Limited	1,497	1,497
Farmer & Carlisle Holdings Limited	1,313	1,313
Leeds, Huddersfield, Harrogate and Skipton Volkswagen	677	677
Sunderland, Durham, Teesside, Malton and York BMW MINI	495	495
	45,692	**43,903**

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections to perpetuity.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to gross profits and direct costs during the year:

- Management estimates discount rates using pre-tax rates that reflect current market assessments and the time value of money and the risks specific to the CGUs.
- Growth rates are based upon industry forecasts and the past performance of the CGU.
- Changes in gross profits and direct costs are based on past practices and expectations of future changes in the market.

Annual growth rates typically between 0% and 10% are assumed for years three to five depending on the CGU, after which a growth rate of 2% is assumed to perpetuity. Cash flows into perpetuity have been used to reflect the long-term and open-ended nature of the Group's business model. A risk adjusted pre-tax discount rate reflecting the Group's Weighted Average Cost of Capital ("WACC") of 9% (2024: 9%) is applied.

Sensitivity analysis has been performed on the value in use calculations based on three potential scenarios with the following results:

- If restricted vehicle sales or reduced demand for service work as a consequence of a reduced vehicle parc significantly reduces the Group's earnings in the year ending 28 February 2026, with a return to normalised trading in the year ending 28 February 2027, it is not expected to create an impairment charge.
- If the growth rate in years three to five is reduced to -5%, an impairment charge in respect of goodwill and other indefinite life assets of £3.7m would arise.
- If the pre-tax WACC was increased to 12%, an impairment charge in respect of goodwill and other indefinite life assets of £8.7m would arise.

16. Other intangible assets

2025	Software costs £'000	Brand[1] £'000	Customer relationships £'000	Total £'000
Cost				
At 1 March 2024	1,454	1,607	1,985	5,046
Additions	144	-	-	144
At 28 February 2025	**1,598**	**1,607**	**1,985**	**5,190**
Accumulated amortisation				
At 1 March 2024	1,052	680	1,343	3,075
Charge for the year	151	267	140	558
At 28 February 2025	**1,203**	**947**	**1,483**	**3,633**
Net book value at 28 February 2025	**395**	**660**	**502**	**1,557**
Net book value at 29 February 2024	**402**	**927**	**642**	**1,971**

2024	Software costs £'000	Brand[1] £'000	Customer relationships £'000	Total £'000
Cost				
At 1 March 2023	1,201	1,607	1,985	4,793
Additions	253	-	-	253
At 29 February 2024	**1,454**	**1,607**	**1,985**	**5,046**
Accumulated amortisation				
At 1 March 2023	891	413	1,203	2,507
Charge for the year	161	267	140	568
At 29 February 2024	**1,052**	**680**	**1,343**	**3,075**
Net book value at 29 February 2024	**402**	**927**	**642**	**1,971**
Net book value at 28 February 2023	**310**	**1,194**	**782**	**2,286**

[1] The intangible asset value shown above in respect of "Brand" is in relation to the acquisition, in previous financial years, of Vans Direct Limited, Power Bulbs Ltd and Wiper Blades Limited.

17. Business combinations

a) Acquisition of Exeter Honda

On 22 July 2024, the Group acquired the trade and assets of a Honda dealership in Exeter from Hendy Group Limited. Total consideration of £1,030,000 was settled from the Group's existing cash resources.

Detail of the fair value of the net assets acquired and goodwill arising are as follows:

	Fair Value £'000
Property, plant and equipment (note 18)	32
Right of use assets	1,378
Inventories	734
Trade and other receivables	48
Trade and other payables	(24)
Lease liabilities	(1,378)
Net assets acquired	**790**
Goodwill (note 15)	240
Total consideration payable during the year ended 28 February 2025	**1,030**

Acquisition related costs (included in underlying operating expenses in the consolidated income statement for the year ended 28 February 2025) totalled £30,000 in respect of this acquisition.

The goodwill arising on acquisition is attributable to the anticipated profitability of the distribution of vehicles and parts through the acquired business.

b) Acquisition of Burrows Motor Company Limited ("Burrows")

On 29 October 2024, the Group acquired the entire issued share capital of Burrows which operates five Toyota outlets, 2 Mazda outlets and a Kia outlet in Yorkshire and Nottinghamshire. Total consideration of £13,414,000 was funded by a £12,000,000 drawing on the Group's Revolving Credit Facility.

Detail of the fair value of the net assets acquired and goodwill arising are as follows:

	Fair Value £'000
Other indefinite life assets (note 15)	1,789
Property, plant and equipment (note 18)	18,435
Right of use assets	2,422
Inventories	15,283
Trade and other receivables	2,034
Cash and cash equivalents	1,554
Trade and other payables	(16,909)
Lease liabilities	(2,422)
Corporation tax	(530)
Deferred tax (note 28)	(2,058)
Borrowings	(10,569)
Net assets acquired	**9,029**
Goodwill (note 15)	4,385
Total consideration	**13,414**
Retention	(929)
Deferred consideration	(1,000)
Cash consideration paid during the year ended 28 February 2025	**11,485**

17. Business combinations (continued)

b) Acquisition of Burrows Motor Company Limited ("Burrows") (continued)

Acquisition related costs (included in non-underlying operating expenses in the consolidated income statement for the year ended 28 February 2025) totalled £328,000 in respect of this acquisition.

The goodwill arising on acquisition is attributable to the anticipated profitability of the distribution of vehicles and parts through the acquired business.

If the acquisition of Burrows had occurred on 1 March 2024, Group revenues would have been £110,661,000 higher and Group profit before tax would have been £1,438,000 higher.

c) Summary of acquisitions' cash consideration

	Cash consideration £'000	**Cash acquired £'000**	**Total £'000**
Exeter Honda	1,030	-	1,030
Burrows	11,485	(1,554)	9,931
Cash consideration for acquisitions	**12,515**	**(1,554)**	**10,961**

d) Summary of the fair value of net assets acquired

	Exeter Honda £'000	**Burrows £'000**	**Total £'000**
Other indefinite life assets	-	1,789	1,789
Property, plant and equipment	32	18,435	18,467
Right-of-use asset	1,378	2,422	3,800
Inventories	734	15,283	16,017
Trade and other receivables	48	2,034	2,082
Cash and cash equivalents	-	1,554	1,554
Trade and other payables	(24)	(16,909)	(16,933)
Lease liabilities	(1,378)	(2,422)	(3,800)
Corporation tax	-	(530)	(530)
Deferred tax (note 28)	-	(2,058)	(2,058)
Borrowings	-	(10,569)	(10,569)
Net assets acquired	**790**	**9,029**	**9,819**

During the year ended 28 February 2025, the acquisitions of Exeter Honda and Burrows contributed £44,200,000 to Group turnover. Due to the timing of the Burrows acquisition, after the key trading months of September and March, acquisitions, as anticipated, contributed a loss before tax of £1,300,000 in the year ended 28 February 2025. With full integration into the Group's systems completed by the end of 2024, these businesses are anticipated to contribute positively to trading in the year ending 28 February 2026 in line with our expectations.

18. Property, plant and equipment

2025	Freehold and long leasehold land and buildings[1] £'000	Short leasehold land and buildings[1] £'000	Vehicles and machinery £'000	Furniture, fittings and equipment £'000	Total £'000
Cost					
At 1 March 2024	359,798	5,680	24,642	27,025	417,145
Acquisitions (note 17)	17,461	-	268	738	18,467
Transfer to assets held for resale (note 22)	(4,928)	-	-	-	(4,928)
Additions	15,355	5	6,241	5,373	26,974
Reclassifications	-	-	(13)	13	-
Disposals	(283)	(3)	(1,315)	(1,290)	(2,891)
At 28 February 2025	**387,403**	**5,682**	**29,823**	**31,859**	**454,767**
Accumulated depreciation and impairment					
At 1 March 2024	48,035	3,244	14,475	16,096	81,850
Depreciation charge	8,761	647	4,008	4,785	18,201
Impairment charges	524	-	-	-	524
Transfer to assets held for resale (note 22)	(567)	-	-	-	(567)
Reclassifications	-	-	(8)	8	-
Disposals	(264)	-	(1,209)	(1,221)	(2,694)
At 28 February 2025	**56,489**	**3,891**	**17,266**	**19,668**	**97,314**
Net Book Value					
At 28 February 2025	**330,914**	**1,791**	**12,557**	**12,191**	**357,453**
At 29 February 2024	**311,763**	**2,436**	**10,167**	**10,929**	**335,295**

[1] Includes leasehold improvements and franchise standards property improvements.

Depreciation expense of £18,201,000 has been charged in operating expenses (note 6).

In addition to the floating security provided for the Group's bank borrowings, specific fixed charges over freehold land and buildings with a cost of £10,900,000 (2024: £10,900,000) have been granted to manufacturer partners as security against consignment stocking lines. A further specific fixed charge is held over certain freehold and long leasehold properties in respect of outstanding mortgage funding of £83,834,000 (2024: £81,236,000).

18. Property, plant and equipment (continued)

2024	Freehold and long leasehold land and buildings[1] £'000	Short leasehold land and buildings[1] £'000	Vehicles and machinery £'000	Furniture, fittings and equipment £'000	Total £'000
Cost					
At 1 March 2023	350,302	5,069	20,347	24,255	399,973
Acquisitions	3,600	-	57	1	3,658
Transfer to assets held for resale	(3,929)	-	-	-	(3,929)
Additions	14,311	645	5,024	5,818	25,798
Reclassifications	58	-	(149)	91	-
Disposals	(4,544)	(34)	(637)	(3,140)	(8,355)
At 29 February 2024	**359,798**	**5,680**	**24,642**	**27,025**	**417,145**
Accumulated depreciation and impairment					
At 1 March 2023	43,696	2,587	11,086	14,199	71,568
Depreciation charge	7,969	690	3,820	4,970	17,449
Transfer to assets held for resale	(335)	-	-	-	(335)
Reclassifications	(10)	-	40	(30)	-
Disposals	(3,285)	(33)	(471)	(3,043)	(6,832)
At 29 February 2024	**48,035**	**3,244**	**14,475**	**16,096**	**81,850**
Net Book Value					
At 29 February 2024	**311,763**	**2,436**	**10,167**	**10,929**	**335,295**
At 28 February 2023	**306,606**	**2,482**	**9,261**	**10,056**	**328,405**

[1] Includes leasehold improvements and franchise standards property improvements.

19. Leases

Amounts recognised in the Balance Sheet

The balance sheet shows the following amounts relating to leases:

	2025	2024
Right-of-use assets	**£'000**	**£'000**
Property	73,575	62,757
Vehicles	10,159	10,129
	83,734	**72,886**
Lease liabilities		
Current	(19,182)	(17,710)
Non-current	(74,829)	(65,214)
	(94,011)	**(82,924)**

Additions to the right-of-use assets and lease liabilities during the year ended 28 February 2025 were £32,277,000 (2024: £20,586,000).

During the year ended 28 February 2025, right-of-use assets with a net book value of £1,189,000 (2024: £2,525,000) were disposed of as a result of assignment, settlement or modification of various leases. The corresponding lease liability disposed of was £1,236,000 (2024: £2,936,000) generating a £47,000 profit recognised in the Consolidated Income Statement (2024: £411,000).

Amounts recognised in the Income Statement

The Income Statement shows the following amounts relating to leases:

	2025	2024
	£'000	**£'000**
Included in operating expenses		
Depreciation charge in respect of right-of-use assets:		
Property	11,200	11,371
Vehicles	9,039	6,883
	20,239	18,254
Profit on lease modification	(47)	(411)
Included in finance costs		
Interest expense	4,060	3,457

The total cash outflow in respect of lease payments in the year ended 28 February 2025 was £24,014,000, of which £4,060,000 related to interest on lease liabilities (2024: £21,640,000 including £3,457,000 interest on lease liabilities).

20. Subsidiary undertakings

A list of subsidiary undertakings (ordinary shares 100% owned and incorporated within the United Kingdom), as at 28 February 2025 and 29 February 2024 is given in note 7 of the Vertu Motors plc company only financial statements (pages 160 to 162).

21. Inventories

	2025 £'000	2024 £'000
New vehicle stock	577,486	515,794
Used vehicle stock	166,332	162,958
Demonstrator and courtesy vehicles	49,489	60,611
Parts and sundry stocks	23,632	22,633
	816,939	**761,996**

The total value of new vehicle stock is comprised of the following:

	2025 £'000	2024 £'000
Interest bearing consignment stock	85,304	51,165
Stock invoiced not yet paid held by Manufacturers to the order of the Group	390,035	361,444
Other new vehicle stock	102,147	103,185
	577,486	**515,794**

A corresponding liability is held in trade payables in respect of stock invoiced not yet paid held by Manufacturers to the order of the Group and interest bearing consignment stock. The cost of inventories recognised as expense and included within 'cost of sales' amounted to £4,371,493,000 (2024: £4,299,740,000).

22. Property assets held for sale

	2025 £'000	2024 £'000
At beginning of year	7,881	6,077
Transfers in from freehold property (note 18)	4,361	3,594
Property sold during the year	(4,321)	(1,790)
At end of year	**7,921**	**7,881**

During the year ended 28 February 2025, the Group sold the following properties which were held for sale at 29 February 2024:

- An empty property in Taunton acquired with the acquisition of Helston Garages Group Limited.
- An empty property in Wendover which the Group previous operated as a PDI centre prior to its closure in the year ended 29 February 2024.
- A former Volvo dealership and petrol filling station in Yeovil acquired with the acquisition of Helston Garages Group Limited which was operated by the Group prior to relocating the business to a new facility.
- An empty property in Stroud which was previously a used vehicle and Ford authorised repairer operation which closed in the year ended 29 February 2024.

All properties recovered at least their carrying value on disposal.

During the year ended 28 February 2025, the Group transferred the following properties from tangible fixed assets to property assets held for resale:

- An empty property in Sittingbourne which was previously used as a parts storage facility.
- A former used car operation in Sheffield acquired with the acquisition of Burrows Motor Company Limited. The operation closed shortly after acquisition by the Group.
- An empty property in Dorchester which was previously a BMW dealership prior to closure during the year. This property was sold on 31 March 2025 for book value.
- An empty property in Barnstaple which was previously a BMW dealership prior to closure in March 2025.

22. Property assets held for sale (continued)

Property assets held for sale are held at the lower of their carrying amount and fair value less costs to sell. The Group determines fair value in respect of such assets using the sales comparison approach. The key inputs under this approach are the price per square metre from current year sales of comparable lots of land in the area (location and size).

All properties remaining in assets held for sale at 28 February 2025 are currently expected to be disposed of in the next 12 months recovering cash proceeds in excess of their book value.

23. Trade and other receivables

	2025 £'000	2024 £'000
Trade receivables	75,150	78,102
Less provision for impairment of trade receivables	(1,954)	(2,171)
Trade receivables (net)	**73,196**	**75,931**
Other receivables	4,983	2,663
Prepayments and accrued income	20,772	15,108
	98,951	**93,702**

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses ("ECL"). The ECL on trade receivables are measured using a provision matrix by reference to past default experience, current financial position of the debtors and any known specific factors.

There has been no change in significant assumptions or the method of estimation of ECL during the current financial year.

The following table shows the profile of the Group's trade receivables.

	Current £'000	31-60 days £'000	61-90 days £'000	>90 days £'000	Trade Receivables £'000	Loss Allowance £'000	Trade Receivables (net) £'000
2025	71,197	3,219	372	362	**75,150**	(1,954)	**73,196**
2024	73,535	3,532	459	576	**78,102**	(2,171)	**75,931**

As at 28 February 2025, trade receivables of £2,183,000 (2024: £3,915,000) were past due but not impaired. The ageing of these receivables are all within 3 months overdue.

Movements in the Group's provision for impairment of trade receivables are as follows:

	2025 £'000	2024 £'000
At beginning of year	2,171	3,680
Net remeasurement of loss allowance	884	(874)
Receivables written off during the year as uncollectible	(1,101)	(635)
At end of year	**1,954**	**2,171**

The net remeasurement of the loss allowance has been included in 'other expenses' within 'operating expenses' in the income statement (note 6). Amounts charged to the loss allowance account are generally written off when there is no expectation of recovering additional cash.

The Group considers there to be no material difference between the fair value of trade and other receivables and their carrying amount in the balance sheet.

The other asset classes within trade and other receivables do not contain impaired assets.

23. Trade and other receivables (continued)

Credit Risk Management

It is the Group's policy to invest cash and assets safely and profitably. Credit risk associated with the Group's sales is limited to certain revenue streams as the majority of vehicle sales are either cash sales to retail customers (whereby the vehicle would not be delivered to the customer, and therefore recognised in revenue, without cleared funds) or a sale on finance invoiced to the Group's retail finance partners (whereby the vehicle would not be delivered unless the Group was in receipt of a confirmation of payout with cleared funds typically received within three days of such confirmation). Business to business sales may be offered credit terms, subject to credit application and review of limits against published credit rating information. Credit terms average 7-14 days for vehicle sales and 30-45 days for aftersales. To control credit risk, counterparty credit limits are set by reference to published credit ratings. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be low. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

24. Cash and cash equivalents

	2025 £'000	2024 £'000
Cash in bank and in hand	72,647	70,599

25. Trade and other payables

	2025 £'000	2024 £'000
Trade payables	805,002	743,748
Social security and other taxes	15,290	11,236
Accruals	94,249	88,947
Other payables	26,000	26,000
	940,541	**869,931**

Other payables comprise non-interest bearing advance payments from the Group's finance company partners.

Trade and other payables, excluding social security and other taxes and deferred income, are designated as financial liabilities carried at amortised cost. Their fair value is considered to be equal to their carrying value.

Accruals includes £14,599,000 (2024: £14,076,000) in respect of outstanding service plans.

26. Borrowings

	2025 £'000	2024 £'000
Current		
Mortgage	5,081	4,395
	5,081	4,395
Non-current		
Mortgage	78,753	76,841
Bank borrowings	55,380	43,342
	134,133	120,183
	139,214	**124,578**

Borrowings are repayable as follows:

	2025 £'000	2024 £'000
6 months or less	2,511	2,154
6-12 months	2,569	2,241
1-5 years	75,830	57,189
Over 5 years	58,304	62,994
	139,214	**124,578**

The fair value of borrowings equals their carrying amount, as the impact of discounting is not significant. Borrowings are designated as financial liabilities carried at amortised cost.

26. Borrowings (continued)

a) Bank borrowings

The Group has a committed Revolving Credit Facility (''RCF'') available of £93,000,000. Interest is charged on this facility at a rate of between 1.8% and 2.6% above the Sterling Overnight Index Average ("SONIA") depending on the value of the Group's net debt to EBITDA ratio. £44,000,000 of the RCF was drawn at 1 March 2024 and £56,000,000 is drawn at 28 February 2025 following a £12,000,000 drawing in October 2024 to fund the acquisition of Burrows Motor Company Limited.

The facility was entered into in December 2022 for an initial three year period with an option to extend to December 2026, and a further option to extend to December 2027. The first of these extensions was completed during the year ended 29 February 2024 and the final extension was completed during the year ended 28 February 2025 such that the facility is currently in place until December 2027.

During the year ended 28 February 2025, the Group had an interest rate swap arrangement in place, effective from 8 March 2023, covering £30,000,000 of the drawn balance swapping the variable element of the interest charge for a fixed rate of 4.42%. The swap was due to expire in March 2025 and on 9 September 2024 this swap was extended out to December 2026 reducing the underlying SONIA rate to 3.82%.

A rate of 1.45% above base rate has been applied in relation to overdrafts during the year ended 28 February 2025. The interest rate that applied to the Group's Committed Money Market Loan ("CMML") facility was between 1.50% and 2.15% above SONIA depending on the Group's net debt to EBITDA ratio.

The overdraft and CMML facilities were renewed on 22 April 2025 until 31 May 2026 with the same limits as were in place at 28 February 2025.

The Group had the following undrawn borrowing and overdraft facilities at 28 February and 29 February:

	2025 £'000	2024 £'000
Floating rate		
- Overdraft (uncommitted) expiring in one year	5,000	5,000
- CMML (committed) facility expiring in one year	48,000	48,000
- RCF facility expiring in greater than one year	37,000	49,000
- Other borrowings	70,000	50,000
	160,000	**152,000**

b) Mortgage funding

The Group had three mortgage facilities in place at 28 February 2025. The first, provided by BMW Financial Services, was drawn down in December 2020 and is secured against the freehold and long leasehold properties in Sunderland, Durham and Teesside operating the BMW and MINI franchises. This mortgage is repayable in equal monthly instalments over the 20 year term and interest is charged on this facility at a fixed rate of 2.9% per annum until December 2025.

A second mortgage, also provided by BMW Financial Services, was drawn in December 2022 when the Group entered into a new 20 year mortgage facility for £74,757,000 to partially fund the acquisition of Helston Garages Group Limited. This mortgage is secured against a portfolio of 20 freehold and long leasehold properties owned by the Group. This mortgage is repayable in equal instalments over the 20 year term and interest was charged on this facility at a rate of 2.8% above BMW Base Rate during the year ended 28 February 2025. The Group also had an interest rate cap arrangement in respect of £50,000,000 of this facility to limit the variable element of the applicable interest rate to a maximum of 4.5% which expired on 28 February 2025. From 1 February 2025 the interest rate on this facility was fixed at an all in rate of 7.03% for a three year term.

26. Borrowings (continued)

b) Mortgage funding (continued)

The final mortgage is provided by Toyota Financial Services and was acquired by the Group as part of the acquisition of Burrows Motor Company Limited in October 2024 at £7,069,000. In December 2024 the Group refinanced this mortgage at a value of £7,500,000, secured over 4 of the freehold properties acquired with Burrows Motor Company Limited and is repayable over 10 years with interest accruing at 2.30% above Bank of England Base Rate.

c) Other borrowings

Other borrowings represent amounts repayable under used vehicle stocking facilities. These loans are subject to interest at 1.5% above base rate and are secured against the related vehicles. At 1 March 2024 the limit on this facility was £50,000,000 and was increased to £70,000,000 during the year ended 28 February 2025. Drawings on this facility at 28 February 2025 were £Nil (2024: £Nil).

d) Financial assets

The Group's financial assets on which floating interest is receivable comprise cash deposits and cash in hand of £72,647,000 (2024: £70,599,000). The cash deposits comprise deposits placed on money market at call, seven day and cash deposited with counterparty banks at commercially negotiated interest rates. The IFRS 9 classification for trade and other receivables and cash and cash equivalents is amortised cost. Their fair value is deemed to be equal to their carrying value.

27. Derivative financial instruments

Interest rate swap and cap contracts

The fair values of derivative financial instruments used for hedging purposes are disclosed below:

	2025 £'000	2024 £'000
£50m Interest rate cap – cash flow hedges	-	282
£30m Interest rate swap – cash flow hedges	147	203
Total derivates designated as hedging instruments	**147**	**485**
Non-current derivative financial instruments	147	203
Current derivative financial instruments	-	282
	147	**485**

Current derivative financial instruments were included within other receivables (note 23) at 29 February 2024 to reflect the interest rate caps expiration date of 28 February 2025.

	2025 £'000	2024 £'000
Borrowings subject to hedging instruments:		
Mortgage	-	50,000
Bank borrowings	30,000	30,000
Total derivative financial liabilities	**30,000**	**80,000**

The Group manages its cash-flow interest rate risk by using a combination of interest rate swap and cap contracts. Normally the Group raises long-term borrowings at floating rates and manages the exposure to interest rate variability by swapping floating rates for fixed rates or capping floating rates at a fixed rate.

During the year ended 28 February 2025, the Group had interest rate cap contracts in respect of £50,000,000 of the Group's outstanding mortgage funding, capping the applicable underlying floating rate at 4.5% until 28 February 2025, on which date the cap contracts expired. The floating rate in respect of this borrowing was BMW Base Rate.

27. Derivative financial instruments (continued)

In addition, the Group had an interest rate swap in respect of £30,000,000 of borrowing under the RCF which fixed the underlying rate at 4.42% per annum. The swap was due to expire in March 2025 and on 9 September 2024 this swap was extended out to December 2026 reducing the underlying SONIA rate to 3.82%.

The notional principal amounts of outstanding floating to fixed interest rate swap contracts designated as hedging instruments in cash flow interest rate hedges of variable rate debt at 28 February 2025 totalled £30,000,000 (2024: £80,000,000). The fair value of these instruments at 28 February 2025 was an asset of £147,000 (2024: £485,000).

Gains and losses recognised in the cash flow hedging reserve in equity on interest rate swap contracts as at 28 February 2025 will be released to the consolidated statement of comprehensive income as the related interest expense is recognised.

The movement on the hedging reserve within shareholders' equity is shown within note 32.

In accordance with IFRS 13 "Financial Instruments: Disclosure", fair values are defined as follows:

- Level 1: quoted prices (unadjusted) 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 fair values of the interest rate swaps have been determined using a level 3 valuation technique with non-observable inputs obtained from the counterparty (2024: level 3).

28. Deferred income tax liabilities

Deferred income 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 income taxes relate to the same fiscal authority. The amounts offset are as follows:

	2025 £'000	2024 £'000
Deferred tax asset to be recovered after more than 12 months	(2,493)	(3,048)
Deferred tax liabilities to be recovered after more than 12 months	28,590	25,072
Deferred tax liabilities (net)	**26,097**	**22,024**

The gross movement on the Group's deferred income tax account is as follows:

2025	**Deferred tax liabilities £'000**	**Deferred tax assets £'000**	**Net £'000**
At 1 March 2024	25,072	(3,048)	22,024
Charged to income statement (note 12)	1,092	602	1,694
Charged / (credited) directly to equity	368	(47)	321
Acquisitions (note 17)	2,058	-	2,058
At 28 February 2025	**28,590**	**(2,493)**	**26,097**

2024	**Deferred tax liabilities £'000**	**Deferred tax assets £'000**	**Net £'000**
At 1 March 2023	23,207	(4,090)	19,117
Charged to income statement	1,844	1,013	2,857
(Credited) / charged directly to equity	(184)	29	(155)
Acquisitions	205	-	205
At 29 February 2024	**25,072**	**(3,048)**	**22,024**

28. Deferred income tax liabilities (continued)

2025	Accelerated tax depreciation £'000	Share based payments £'000	Pensions £'000	Other timing differences £'000	Total £'000
At 1 March 2024	**13,660**	**(1,979)**	**619**	**9,724**	**22,024**
Charged / (credited) to income statement (note 12)	836	16	(13)	855	1,694
Charged / (credited) directly to equity	-	-	368	(47)	321
Acquisitions (note 17)	1,611	-	-	447	2,058
At 28 February 2025	**16,107**	**(1,963)**	**974**	**10,979**	**26,097**

Deferred tax balances as at 28 February 2025 have been measured at a rate of 25%.

2024	Accelerated tax depreciation £'000	Share based payments £'000	Pensions £'000	Other timing differences £'000	Total £'000
At 1 March 2023	11,629	(1,652)	797	8,343	19,117
Charged / (credited) to income statement	1,826	(327)	6	1,352	2,857
Acquisitions	205	-	-	-	205
(Credited) / charged directly to equity	-	-	(184)	29	(155)
At 29 February 2024	**13,660**	**(1,979)**	**619**	**9,724**	**22,024**

29. Contract liabilities

	Warranty policies £'000	Free servicing £'000	Total £'000
At 1 March 2024	20,335	3,140	23,475
Created in the year	10,944	735	11,679
External payments in the year	(2,265)	-	(2,265)
Recognised as income during the year	(11,790)	(911)	(12,701)
At 28 February 2025	**17,224**	**2,964**	**20,188**
Current	9,041	2,712	11,753
Non-current	8,183	252	8,435
	17,224	**2,964**	**20,188**

Warranty policies

The Group sells used vehicle warranty policies which are in-house products that can be taken out over 12, 24 or 36 months with income received on inception of the policy. The policy covers replacement of mechanical and electrical parts which have suffered a mechanical breakdown, the cost of labour to fit failed parts and breakdown assistance for the period of the warranty.

When the income is received it is recognised initially as a contract liability at the fair value allocated to the warranty product at the point of sale and is released to the income statement when the associated costs are incurred.

Free servicing

The Group recognises a contract liability in respect of a "free servicing" arrangement whereby the first or subsequent service of a vehicle post sale is provided free of charge to a customer, as part of the initial consideration for the vehicle sale. An element of the initial consideration which is estimated to relate to the service is recognised as a contract liability and is released to the income statement when the service has been undertaken.

30. Retirement benefit asset

The Group operates a trust based defined benefit pension scheme, “Bristol Street Pension Scheme”, which has three defined benefit sections which were closed to new entrants and future accrual on 31 May 2003, with another section closed to new entrants in July 2003 and future accrual in October 2013. The assets of the scheme are held separately from those of the Group, being held in separate funds by the Trustee of the Bristol Street Pension Scheme.

Responsibility for governance of the scheme – including investment decisions and contributions schedules – lies jointly with the Group and the Trustee. The Trustee must be composed of representatives of the Group and scheme participants in accordance with the scheme rules.

The scheme operates within the UK regulatory framework.

The Group has applied IAS 19 (Revised) to the scheme and the following disclosures relate to this standard. The Group recognises any actuarial gains and losses in each year in the Statement of Comprehensive Income.

Regular employer contributions to the scheme (including contributions paid in respect of scheme expenses) for the year commencing 1 March 2025 are estimated to be £Nil.

The IAS 19 (Revised) figures and disclosures have been based on the triennial valuation as at 5 April 2024. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs when they occur. No such changes have occurred during the year ended 28 February 2025.

The fair value of the assets of the scheme are:

	Market Value 28 February 2025 £'000	Market Value 29 February 2024 £'000
Diversified Credit Funds	15,882	-
Liability Driven Investment Funds	7,939	25,589
Secured Finance	5,873	5,887
Equities	2,525	-
Other	320	342
Diversified Growth Funds	-	3,202
	32,539	**35,020**

Assets held in Secured Finance were disinvested during the year ended 28 February 2025 with the funds being released post year end. The funds were reinvested in the remaining asset classes in line with the Scheme’s investment strategy.

None of the assets listed above have a quoted market price in an active market as they are pooled investment funds specifically designed for occupational pension schemes. A value is placed on the Scheme’s unit holdings in the funds by the funds’ investment managers / custodians.

The Liability Driven Investments (“LDI”) Funds that the Scheme is invested in are an investment tool used to reduce the investment risk and therefore volatility in the Scheme’s funding position. Changes in interest rates and inflation rates will result in these assets moving in the same way as the scheme liabilities. The LDI portfolio is primarily formed of derivatives, such as swaps, which are leveraged meaning that less LDI assets have to be held to match the same movement in the Scheme’s liabilities.

The expected return on the assets as at 29 February 2024 was 5.00%. This is equal to the discount rate used in the calculation of the net interest income for the year ended 28 February 2025.

30. Retirement benefit asset (continued)

The overall net surplus between the assets of the Bristol Street Pension Scheme and the actuarial liabilities of the scheme which have been recognised on the balance sheet is as follows:

	2025 £'000	2024 £'000
Fair value of scheme assets	32,539	35,020
Present value of funded obligations	(28,644)	(32,543)
Asset on the balance sheet	**3,895**	**2,477**

A surplus may be recognised if the economic benefits are available in the form of a refund or reduction in future contributions. Clause 5.6.2 of the Scheme Rules enables the Scheme to refund surplus assets to the employer. Surpluses are therefore recognised in full.

The movements in the fair value of scheme assets in the year are as follows:

	2025 £'000	2024 £'000
Opening fair value of scheme assets	35,020	35,955
Interest income	1,695	1,734
Actuarial losses	(1,893)	(781)
Benefits paid	(2,110)	(1,759)
Expenses recognised in the income statement	(173)	(129)
Closing fair value of scheme assets	**32,539**	**35,020**

The movement in the present value of the defined benefit obligations of the scheme in the year are as follows:

	2025 £'000	2024 £'000
Opening fair value of scheme liabilities	32,543	32,767
Interest cost	1,575	1,579
Actuarial gains – changes in demographic assumptions	(678)	(841)
Actuarial (gains) / losses – changes in financial assumptions	(1,672)	14
Actuarial (gains) / losses – experience differing to assumptions	(1,014)	783
Benefits paid	(2,110)	(1,759)
Closing fair value of scheme liabilities	**28,644**	**32,543**

The amounts recognised in the income statement in the year are as follows:

	2025 £'000	2024 £'000
Expenses	173	129
Net interest income (note 11)	(120)	(155)
Total expense / (income) included in income statement	**53**	**(26)**

The actual returns on Scheme assets in the year are as follows:

	2025 £'000	2024 £'000
Expected return on scheme assets	1,695	1,734
Actuarial losses	(1,893)	(781)
	(198)	**953**

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under IAS 19 are set out below:

	2025	2024
Discount rate	5.50%	5.00%
Limited Price Indexation ("LPI") pension increases	3.00%	3.10%
Inflation rate	2.60%	2.55%

30. Retirement benefit asset (continued)

Assumptions regarding future mortality experience are set based on mortality tables which allow for future mortality changes.

The average life expectancy in years of a pensioner retiring at age 65 at the balance sheet date is as follows:

	2025	2024
Male	21	22
Female	24	24

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date is as follows:

	2025	2024
Male	23	23
Female	25	25

Amounts recognised in the Consolidated Statement of Comprehensive Income in the year are as follows:

	2025 £'000	2024 £'000
Actuarial gains / (losses)	1,471	(737)
Related deferred tax (charge) / credit (note 28)	(368)	184
Total, included within other comprehensive income	**1,103**	**(553)**
Cumulative actuarial losses	**(3,410)**	**(4,513)**

Sensitivity analysis

The table below gives an indication of the impact on the IAS 19 valuation as a result of changes to the principal assumptions:

Change in assumption:	**Approximate impact on current surplus: £'000**
0.25% increase in discount rate	717
0.25% decrease in discount rate	(750)
0.25% increase in price inflation (and associated assumptions)	(466)
0.25% decrease in price inflation (and associated assumptions)	468
1 year increase in life expectancy at age 65	(1,046)
1 year decrease in life expectancy at age 65	1,045

31. Ordinary share capital, share premium, other reserve, treasury share reserve and capital redemption reserve

2025	Ordinary shares of 10p each Number of shares ('000)	Ordinary share capital £'000	Share premium £'000	Other reserve £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Total £'000
At 1 March 2024	333,211	33,760	124,939	10,645	(2,056)	5,967	173,255
Issuance and sale of treasury shares	2,631	-	-	-	1,244	-	1,244
Purchase of treasury shares	(6,033)	-	-	-	(4,000)	-	(4,000)
Repurchase of own shares	(7,500)	-	-	-	-	-	-
Cancellation of repurchased shares	-	(750)	-	-	-	750	-
At 28 February 2025	**322,309**	**33,010**	**124,939**	**10,645**	**(4,812)**	**6,717**	**170,499**

The other reserve is a merger reserve, arising from shares issued for shares, as consideration to the former shareholders of acquired businesses.

2024	Ordinary shares of 10p each Number of shares ('000)	Ordinary share capital £'000	Share premium £'000	Other reserve £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Total £'000
At 1 March 2023	343,280	34,894	124,939	10,645	(2,653)	4,833	172,658
Issuance and sale of treasury shares	1,274	-	-	-	597	-	597
Repurchase of own shares	(11,343)	-	-	-	-	-	-
Cancellation of repurchased shares	-	(1,134)	-	-	-	1,134	-
At 29 February 2024	**333,211**	**33,760**	**124,939**	**10,645**	**(2,056)**	**5,967**	**173,255**

Share Option Schemes

Under the Group's equity-settled share option schemes, share options are granted to Executive Directors and to selected employees. The exercise price of the granted options under the Company Share Option Plan ("CSOP") scheme is equal to the market price of the shares on the date of the grant and is £Nil in the case of options issued under the Long Term Incentive Plan ("LTIP") and Partnership Share Option ("PSO") schemes. The options are exercisable from the end of the vesting period and any holding period which is set out in the scheme. Options are subject to performance criteria and are conditional on the employee completing a fixed period of service (vesting period and any holding period).

Details of the performance criteria, vesting periods and holding periods for options yet to vest are set out below. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

As disclosed in note 6, a share based payments charge of £2,158,000 (2024: £2,466,000) has been recognised during the year, in relation to the schemes as described below.

31. Ordinary share capital, share premium, other reserve, treasury share reserve and capital redemption reserve (continued)

Share Option Schemes (continued)

Movements in the number of share options in issue during the year are as follows:

Award Date	Type	Granted / Outstanding at 28 February 2025 No of shares	Granted / Outstanding at 29 February 2024 No of shares	Exercise price	Date from which exercisable	Expiry date
5 Sep 2016 [1]	LTIP	40,337	40,337	0.00p	5 Sep 2019	5 Sep 2026
2 Jul 2018 [1]	CSOP	2,400,000	2,400,000	49.60p	2 Jul 2021	2 Jul 2028
8 Nov 2018 [1]	CSOP	2,605,033	2,745,033	38.25p	8 Nov 2021	8 Nov 2028
1 Mar 2020 [1]	PSO	1,649,433	3,781,336	0.00p	1 Mar 2024	1 Mar 2030
1 Mar 2021 [1]	PSO	4,990,409	5,343,896	0.00p	1 Mar 2025	1 Mar 2031
24 Jun 2021 [1]	PSO	942,411	942,411	0.00p	1 Mar 2025	1 Mar 2031
1 Mar 2022 [1]	PSO	4,926,767	5,216,144	0.00p	1 Mar 2026	1 Mar 2032
1 Mar 2023 [1]	PSO	4,123,910	6,218,095	0.00p	1 Mar 2027	1 Mar 2033
1 Mar 2024 [2]	PSO	5,715,300	-	0.00p	1 Mar 2028	1 Mar 2034
		27,393,600	**26,687,252**			

[1] Vested.
[2] Partially vested subsequent to 28 February 2025.

Movements in the number of share options outstanding are as follows:

	2025 No of share options	2024 No of share options
At beginning of year	26,687,252	23,165,643
Granted	6,272,970	7,145,996
Forfeited	(1,192,948)	(1,942,234)
Exercised	(2,631,015)	(1,441,787)
Lapsed	(1,742,659)	(240,366)
At end of year	**27,393,600**	**26,687,252**

The weighted average share price during the year was 66.3p (2024: 67.4p). The weighted average fair value of PSO options granted during the year, determined using the Black-Scholes model was 62.9p per option.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	CSOP		LTIP [3]	PSO [3]	Total
	No of share options	Weighted average exercise price	No of share options	No of share options	No of share options
At 1 March 2023	5,462,533	43.24p	40,337	17,662,773	23,165,643
Granted	-	-	-	7,145,996	7,145,996
Forfeited	(17,500)	38.25p	-	(1,924,734)	(1,942,234)
Exercised	(300,000)	38.25p	-	(1,141,787)	(1,441,787)
Lapsed	-	-	-	(240,366)	(240,366)
At 29 February 2024	5,145,033	43.54p	40,337	21,501,882	26,687,252
Granted	-	-	-	6,272,970	6,272,970
Forfeited	(20,000)	38.25p	-	(1,172,948)	(1,192,948)
Exercised	(120,000)	38.25p	-	(2,511,015)	(2,631,015)
Lapsed	-	-	-	(1,742,659)	(1,742,659)
At 28 February 2025	**5,005,033**	**43.69p**	**40,337**	**22,348,230**	**27,393,600**

[3] The weighted average exercise price of LTIP and PSO nil cost awards is 0.00p.

31. Ordinary share capital, share premium, other reserve, treasury share reserve and capital redemption reserve (continued)

Share Option Schemes (continued)

Significant inputs into the Black-Scholes model for the PSO option awards above are set out below:

Vesting period	4 years
Expected volatility	7%
Option life	10 years
Expected life	7 years
Annual risk-free interest rate	4.2%
Dividend yield	3.6%

Expected volatility is based on statistical analysis of daily share prices since the admission of Vertu Motors plc to AiM. This is then adjusted for events not considered to be reflective of the volatility of the share price going forward.

The performance conditions attaching to any share options issued to Executive Directors, Senior Management or colleagues of the Company are considered and set by the Remuneration Committee. The following share incentive schemes are operated by the Company:

a) Share Incentive Plan ("SIP")

The SIP was introduced in accordance with appropriate legislation and it allows colleagues to invest in partnership shares out of gross salary. A participant may withdraw from the SIP at any time but if he or she does so before the partnership shares have been held in trust for five years (except in certain specified circumstances such as redundancy or disability) he or she will incur an income tax liability. The Company currently does not supplement or match the partnership shares acquired by colleagues.

b) Company Share Option Plan ("CSOP") Approved and Unapproved Share Option Schemes

Outstanding CSOP awards relate to remaining awards which vested in previous financial years and are within their exercisable period. No CSOP awards were issued during the year.

c) Long Term Incentive Plan ("LTIP")

Outstanding LTIP awards relate to remaining awards which vested in previous financial years and are within their exercisable period. No LTIP awards were issued during the year.

31. Ordinary share capital, share premium, other reserve, treasury share reserve and capital redemption reserve (continued)

Share Option Schemes (continued)

d) Partnership Share Options ("PSO")

A share incentive (Partnership Share Options) for certain of the Group's senior management colleagues was introduced in the financial year commencing 1 March 2020. Under this scheme colleagues received nil cost share options in the Company pro-rata to their basic salary.

Vesting of PSO awards are then determined by the proportion of each colleague's annual on-target bonuses earned for the financial year in which they are awarded, up to a maximum of 100% of the awards granted. Any vested options will then be capable of exercise at the end of a three-year holding period.

On 1 March 2024, 6,248,220 PSO awards were made to the Executive Directors and certain senior managers. 532,920 of these awards were forfeited as a result of leavers during the year, the remaining awards will vest in proportion to achievement of on-target bonus earnings by the relevant colleagues in the year ended 28 February 2025.

The number of vested PSO awards which remained outstanding at 28 February 2025 are shown in the table on page 145.

On 1 March 2025, 8,788,514 PSO awards have been made in respect of the financial year commencing on that date.

32. Hedging reserve

The hedging reserve arises as a result of cash flow hedges in relation to interest rate swap derivatives. The movements on the hedging reserve are as follows:

	2025 £'000	2024 £'000
At beginning of year	220	133
Fair value (losses) / gains on derivative financial instruments during the year	(187)	116
Deferred taxation on fair value losses / (gains) during the year (note 28)	47	(29)
At end of year	**80**	**220**

33. Reconciliation of net cash flow to movement in net debt

	2025 £'000	2024 £'000
Net increase / (decrease) in cash and cash equivalents	2,048	(8,385)
Cash inflow from proceeds of borrowings	(12,526)	-
Cash outflow from repayment of borrowings	8,097	29,836
Cash movement in net debt	**(2,381)**	**21,451**
Borrowings acquired (note 17)	(10,569)	-
Capitalisation of loan arrangement fees	520	186
Amortisation of loan arrangement fees	(246)	(184)
Decrease / (increase) in accrued loan interest	88	(76)
Non-cash movement in net debt	**(10,207)**	**(74)**
Movement in net debt (excluding lease liabilities)	**(12,588)**	**21,377**
Opening net debt (excluding lease liabilities)	(53,979)	(75,356)
Closing net debt (excluding lease liabilities)	**(66,567)**	**(53,979)**
Lease liabilities at 1 March	(82,924)	(83,457)
Capitalisation of new leases (Note 19)	(32,277)	(20,586)
Disposal of lease liabilities (Note 19)	1,236	2,936
Interest element of lease repayments (Note 11)	(4,060)	(3,457)
Cash outflow from lease repayments (Note 19)	24,014	21,640
Lease liabilities at 28 February (Note 19)	**(94,011)**	**(82,924)**
Closing net debt (including lease liabilities)	**(160,578)**	**(136,903)**

34. Cash flow from movement in working capital

The following table reconciles the movement in balance sheet headings to the movement in working capital as presented in the consolidated cash flow statement.

2025	**Inventories (Note 21) £'000**	**Current trade and other receivables (Note 23) £'000**	**Trade and other payables £'000**	**Total working capital movement £'000**
Trade and other payables (Note 25)			(940,541)	
Contract liabilities (Note 29)			(20,188)	
At 28 February 2025	816,939	98,951	(960,729)	
At 29 February 2024	761,996	93,702	(893,406)	
Balance sheet movement	**(54,943)**	**(5,249)**	**67,323**	
Acquisitions (Note 17)	16,017	2,082	(16,933)	
Retention (Note 17)	-	-	(929)	
Movement excluding business combinations	**(38,926)**	**(3,167)**	**49,461**	**7,368**
Pension related balances				173
Increase in capital creditor				(22)
Decrease in interest accrual				169
Derivative financial instruments (Note 27)				(282)
Increase in share buyback accruals				(86)
Increase in loan acceptance fee accrual				(334)
Movement as shown in Consolidated Cash Flow Statement				**6,986**

34. Cash flow from movement in working capital (continued)

2024	Inventories £'000	Current trade and other receivables £'000	Trade and other payables £'000	Total working capital movement £'000
Trade and other payables			(869,931)	
Contract liabilities			(23,475)	
At 29 February 2024	761,996	93,702	(893,406)	
At 28 February 2023	674,380	85,827	(784,175)	
Balance sheet movement	**(87,616)**	**(7,875)**	**109,231**	
Acquisitions	4,199	281	(2,661)	
Deferred consideration	-	-	(250)	
Disposals	(104)	(27)	9	
Movement excluding business combinations	**(83,521)**	**(7,621)**	**106,329**	**15,187**
Pension related balances				129
Increase in capital creditor				1,049
Increase in interest accrual				61
Derivative financial instruments				282
Movement as shown in Consolidated Cash Flow Statement				**16,708**

35. Reconciliation of movement in liabilities to cash arising from financing activities

	Borrowings £'000	Lease liabilities £'000	Treasury share reserve £'000	Retained earnings £'000	Total £'000
As at 1 March 2024	124,578	82,924	(2,056)	179,898	385,344
Cash flows from financing activities:					
Sale or Issue of treasury shares	-	-	1,244	(1,198)	46
Purchase of treasury shares			(4,000)	-	(4,000)
Repurchase of own shares	-	-	-	(4,784)	(4,784)
Repayment of borrowings	(8,097)	-	-	-	(8,097)
Proceeds from borrowings	12,526	-	-	-	12,526
Lease repayments	-	(19,954)	-	-	(19,954)
Dividends paid	-	-	-	(7,954)	(7,954)
Net cash inflow / (outflow) from financing activities	4,429	(19,954)	(2,756)	(13,936)	(32,217)
Other changes:					
Liability related: borrowings acquired	10,569	-	-	-	10,569
Liability related: capitalisation and amortisation of loan fees and expenses	(274)	-	-	-	(274)
Liability related: capitalisation of lease liabilities	-	32,277	-	-	32,277
Liability related: disposal of lease liabilities	-	(1,236)	-	-	(1,236)
Liability related: decrease in accrued loan interest	(88)	-	-	-	(88)
Equity related: other movements	-	-	-	21,010	21,010
As at 28 February 2025	**139,214**	**94,011**	**(4,812)**	**186,972**	**415,385**

36. Contingencies

Contingent liabilities

In April 2025 the Supreme Court heard an appeal against a High Court ruling in October 2024 which caused stakeholders considerable unease and concern around historic finance commission in the sector. The High Court rules that lenders and credit brokers are liable to customers where the disclosure of commission was insufficient to obtain the customers informed consent and that a fiduciary duty was held to exist between the credit broker (motor retailer) and the customer. The result was unexpected. The Group moved to full disclosure of any applicable finance commission to customers immediately following the High Court ruling. The Group's finance penetration and earnings has not been impacted by this change with no change in consumer behaviour evident. The Supreme Court is expected to report its findings in July 2025.

The Financial Conduct Authority (FCA) is investigating Discretionary Commission Arrangements (DCAs) within automotive finance. Preliminary findings from the FCA review suggest that motor finance providers, and motor finance credit brokers (including motor dealers) who have engaged in motor finance agreements involving DCAs could be impacted. The Group ceased sales involving DCAs in January 2021. The FCA have indicated that an update on this investigation will be given following the decision of the Supreme Court.

As this investigation is still ongoing, the Group does not have sufficient certainty over the nature, timing or value of any potential financial impact to be able to estimate the liability, if any, that may arise for the Group. As a result, no liability has been recognised at 28 February 2025 in respect of this investigation.

Under sections 394A and 479A of the Companies Act 2006, the parent company Vertu Motors plc has guaranteed all outstanding liabilities to which the subsidiaries listed on page 104 and 105 were subject to at 28 February 2025 until they are satisfied in full. These liabilities total £1,377,688,000 (2024: £1,252,872,000), including intercompany loans of £403,959,000 (2024: £359,432,000). Such guarantees are enforceable against Vertu Motors plc by any person to whom any such liability is due.

37. Capital commitments

Capital commitments in respect of property, plant and equipment amounting to £7,214,000 were outstanding as at 28 February 2025 (2024: £5,244,000).

38. Related party transactions

Key management personnel are defined as the Directors of the Company. The remuneration of the Directors who served during the year ended 28 February 2025 is set out in note 9.

During the year to 28 February 2025 and the year to 29 February 2024, Robert Forrester, David Crane, Karen Anderson, Andrew Goss, Pauline Best and Ken Lever bought and sold vehicles from and to the Group. The value of these transactions is presented below. No profit or loss was made in respect of these transactions in the year ended 28 February 2025 or the year ended 29 February 2024. All of these transactions were pursuant to an employee vehicle ownership plan available to Executive Directors and certain Senior Managers. No outstanding balances were due to or from the Group in respect of these transactions at 28 February 2025 (2024: £Nil).

38. Related party transactions (continued)

2025	Bought from the Group		Sold to the Group	
	Number of vehicles	Purchase price £'000	Number of vehicles	Sale price £'000
Robert Forrester	-	-	-	-
David Crane	3	133	3	132
Karen Anderson	4	273	4	298
Andrew Goss	2	105	2	111
Pauline Best	2	117	2	130
Ken Lever	-	-	1	74

2024	Bought from the Group		Sold to the Group	
	Number of vehicles	Purchase price £'000	Number of vehicles	Sale price £'000
Robert Forrester	3	309	5	471
David Crane	4	265	4	326
Karen Anderson	3	232	3	251
Andrew Goss	1	60	1	64
Pauline Best	1	69	1	67
Ken Lever	1	74	1	72

39. Post balance sheet events

On 1 March 2025, the Group acquired The Union Motor Company Limited, an authorised repairer for London Electric Vehicle Company (LEVC) based in Edinburgh. Estimated consideration of £370,000 (net of cash acquired) subject to finalisation of completion accounts, including a £500,000 payment in respect of goodwill, was settled from existing cash resources.

On 31 March 2025, the Group disposed of a surplus property held for sale located in Dorchester. The disposal generated cash proceeds of £1,250,000, in line with the asset's carrying value.

On 2 April 2025, the Group completed the rebranding of its dealerships operating under the Bristol Street Motors trading name, which now operate under the Vertu Motors trading name. This follows the rebrand of the Group's Macklin Motors dealerships in Scotland, during the year ended 28 February 2025. All Group dealerships now operate under the Vertu Motors trading name. There are no intangible assets associated with either the Macklin Motors or Bristol Street Motors trading names.

Company Balance Sheet

As at 28 February 2025

	Note	2025 £'000	2024 £'000
Fixed assets			
Intangible assets	5	388	395
Tangible assets	6	3,621	3,423
Investments	7	215,988	348,574
		219,997	**352,392**
Current assets			
Debtors	8	88,391	96,867
Cash at bank and in hand		139,650	-
Total current assets		**228,041**	**96,867**
Creditors: amounts falling due within one year	10	**(98,029)**	**(112,420)**
Net current assets / (liabilities)		**130,012**	**(15,553)**
Total assets less current liabilities		**350,009**	**336,839**
Creditors: amounts falling due after more than one year	11	**(63,815)**	**(53,417)**
Net assets		**286,194**	**283,422**
Capital and reserves			
Called up share capital	13	33,010	33,760
Share premium account	13	124,939	124,939
Other reserve	13	10,645	10,645
Hedging reserve	14	80	220
Treasury share reserve	13	(4,812)	(2,056)
Capital redemption reserve	13	6,717	5,967
Profit and loss account:			
At start of year		109,947	122,793
Profit for the year		17,800	1,003
Other changes in retained earnings		(12,132)	(13,849)
	15	115,615	109,947
Total shareholders' funds		**286,194**	**283,422**

These financial statements, on pages 152 to 167, have been approved for issue by the Board of Directors on 13 May 2025 and signed by:

Robert Forrester
Chief Executive

Karen Anderson
Chief Financial Officer

Company Statement of Changes in Equity

For the year ended 28 February 2025

	Ordinary share capital £'000	Share premium £'000	Other reserve £'000	Hedging reserve £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total Equity £'000
As at 1 March 2024	33,760	124,939	10,645	220	(2,056)	5,967	109,947	283,422
Profit for the year	-	-	-	-	-	-	17,800	17,800
Tax on items taken directly to equity	-	-	-	47	-	-	-	47
Fair value losses	-	-	-	(187)	-	-	-	(187)
Total comprehensive income for the year	-	-	-	(140)	-	-	17,800	17,660
Sale of treasury shares	-	-	-	-	1,244	-	(1,198)	46
Purchase of treasury shares	-	-	-	-	(4,000)	-	-	(4,000)
Repurchase of own shares	-	-	-	-	-	-	(4,870)	(4,870)
Cancellation of repurchased shares	(750)	-	-	-	-	750	-	-
Dividends paid	-	-	-	-	-	-	(7,954)	(7,954)
Share based payments charge	-	-	-	-	-	-	1,890	1,890
As at 28 February 2025	**33,010**	**124,939**	**10,645**	**80**	**(4,812)**	**6,717**	**115,615**	**286,194**

The other reserve is a merger reserve, arising from shares issued for shares as consideration, to the former shareholders of acquired companies.

Company Statement of Changes in Equity (continued)

For the year ended 29 February 2024

	Ordinary share capital £'000	Share premium £'000	Other reserve £'000	Hedging reserve £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total Equity £'000
As at 1 March 2023	34,894	124,939	10,645	133	(2,653)	4,833	122,793	295,584
Profit for the year	-	-	-	-	-	-	1,003	1,003
Tax on items taken directly to equity	-	-	-	(29)	-	-	-	(29)
Fair value gains	-	-	-	116	-	-	-	116
Total comprehensive income for the year	-	-	-	87	-	-	1,003	1,090
Sale of treasury shares	-	-	-	-	597	-	(482)	115
Repurchase of own shares	-	-	-	-	-	-	(7,464)	(7,464)
Cancellation of repurchased shares	(1,134)	-	-	-	-	1,134	-	-
Dividends paid	-	-	-	-	-	-	(7,759)	(7,759)
Share based payments charge	-	-	-	-	-	-	1,856	1,856
As at 29 February 2024	**33,760**	**124,939**	**10,645**	**220**	**(2,056)**	**5,967**	**109,947**	**283,422**

Notes to the Company Financial Statements

1. Accounting Policies

Statement of compliance

The separate financial statements of Vertu Motors plc ("the Company"), the parent undertaking, have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions in paragraph 1.12 of FRS 102:

- from preparing a statement of cash flows and related notes, on the basis that it is a qualifying entity and the consolidated statement of cash flows of Vertu Motors plc includes the Company's cash flows,
- certain disclosures in relation to financial instruments,
- certain disclosures in relation to share based payments; and
- from disclosing the Company key management personnel compensation.

Basis of preparation

Vertu Motors plc is a Public Limited Company which is listed on the Alternative Investment Market (AiM) and is incorporated and domiciled in England. The registered office address of the Company is Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, Tyne & Wear, NE11 0XA.

The financial statements have been prepared on the going concern basis under the historical cost convention as modified by the revaluation of derivative financial instruments to fair value. Note 1 of the consolidated financial statements provides further details on the Directors' conclusions regarding the going concern basis of preparation.

The principal accounting policies, which have been consistently applied throughout the year, are set out below.

No profit and loss account is presented by the Company, as permitted under section 408 of the Companies Act 2006. The profit of the Company for the year ended 28 February 2025 was £17,800,000 (2024: £1,003,000).

The consolidated financial statements include the results of all subsidiaries owned by Vertu Motors plc listed on pages 160 to 162 of these financial statements. Certain of these subsidiaries, which are listed below, have taken the exemption from an audit for the year ended 28 February 2025 by virtue of s479A of Companies Act 2006. Certain other subsidiaries, which are also listed below, have taken the exemption from preparing individual accounts for the year ended 28 February 2025 by virtue of s394A of Companies Act 2006. In order to allow these subsidiaries to take the audit exemption or exemption from the preparation of individual accounts (as appropriate), the Company has given a statutory guarantee of all the outstanding liabilities as at 28 February 2025 of the subsidiaries listed below, further detail of which is provided in note 36 to the consolidated financial statements on page 150.

1. Accounting Policies (continued)

Basis of preparation (continued)

The subsidiaries which have taken an exemption from an audit for the year ended 28 February 2025 by virtue of s479A Companies Act 2006 are:

Aceparts Limited
Albert Farnell Limited
All Car Parts Limited
Vertu First Investments Limited (formerly Bristol Street First Investments Limited)
Vertu Fourth Investments Limited (formerly Bristol Street Fourth Investments Limited)
Grantham Motor Company Limited
Helston Garages Limited
Helston Garages Group Limited
Macklin Property Limited
Rowes Garage Limited
Sigma Holdings Limited
South Hereford Garages Trade Parts LLP
Tyne Tees Finance Limited
Vans Direct Limited
Vertu Accident Repair Limited
Vertu Motors (Chingford) Limited
Vertu Motors (Continental) Limited
Vertu Motors (Property) Limited
Vertu Motors (Property 2) Limited
Vertu Motors Property 2 Holdings Limited
Vertu Motors (TMC) Limited (formerly Burrows Motor Company Limited)
Vertu Motors (VMC) Limited
Vertu Ventures Limited
Wiper Blades Limited

The subsidiaries which have taken an exemption from the preparation of individual accounts in respect of the year ended 28 February 2025 by virtue of s394A of Companies Act 2006 are:

Best4Vans Limited
Blacks Autos Limited
Blake Holdings Limited
Boydslaw 103 Limited
Bristol Street (No.1) Limited
Bristol Street (No.2) Limited
Bristol Street Commercials (Italia) Limited
Bristol Street Fifth Investments Limited
Bristol Street Fleet Services Limited
Bristol Street Group Limited
Bristol Street Limited
Brookside (1998) Limited
BSH Pension Trustee Limited
Carsandvansdirect Limited
Dobies (Carlisle) Limited
Dunfermline Autocentre Limited
Easy Vehicle Finance Limited
Farmer & Carlisle Holdings Limited
Farmer & Carlisle Leicester Limited
Farmer & Carlisle Limited
F.C. Business Operations Limited
Gordon Lamb Group Limited
Gordon Lamb Limited
Gordon Lamb Holdings Limited
Group SMB Limited
Helston Garages Group (Management) Limited
Hillendale Group Limited
Hillendale LR Limited
Hughes Group Holdings Limited
Hughes of Beaconsfield Limited
International Concessionaires Limited
Jactamial Properties Limited
Merifield Properties Limited
Motor Nation Cars Limited
National Allparts Limited
Newbolds Garage (Mansfield) Limited
Nottingham TPS LLP
Peter Blake (Chatsworth) Limited
Peter Blake Limited
Power Bulbs Ltd
Power Bulbs Online Limited
SHG Holdings Limited
South Hereford Garages Limited
The Taxi Centre Limited
Typocar Limited
VanMan Limited
Vertu Fleet Limited
Vertu Motors (AMC) Limited
Vertu Motors (Durham) Limited
Vertu Motors (Finance) Limited
Vertu Motors (Knaresborough) Limited
Vertu Motors (Pity Me) Limited
Vertu Motors Third Limited
Westcountry Enterprises Limited
Westcountry Ventures Limited
Widnes Car Centre Limited
Widnes Car Centre (1994) Limited

The auditors' remuneration for audit and other services was £25,000 (2024: £25,000).

Intangible assets

Intangible assets comprise computer software and are carried at cost less accumulated amortisation and any impairment losses. Amortisation is provided on a straight-line basis to allocate the cost of the asset over its estimated useful life, which in the case of computer software is between four and six years.

1. Accounting Policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is provided at rates calculated to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over their estimated useful lives as follows:

Computer equipment	16.6% - 50%
Office equipment	25%

Investments

Investments in subsidiary undertakings are stated at cost, less provision for impairment.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income

Deferred income is in relation to vehicle warranty product income. The Group sells used vehicle warranty policies which are in house products that can be taken out over 12, 24 or 36 months with income received on inception of the policy. The policy covers replacement of mechanical and electrical parts which have suffered a mechanical breakdown, the cost of labour to fit failed parts and breakdown assistance for the period of the warranty.

When the income is received it is recognised initially as deferred income and is released to the income statement of the relevant subsidiary company when the associated costs are incurred.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In practice this means that revenue is recognised when a service has been undertaken.

1. Accounting Policies (continued)

Share based payments

The Company allows employees to acquire shares of the Company through share option schemes. The fair value of share options granted is recognised as an employee expense with a corresponding increase in equity. The Company operates a number of equity-settled, share-based compensation plans. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

2. Critical accounting estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates, will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Impairment of fixed asset investments

The Company tests annually, or whenever events or changes in circumstances occur, to determine whether the fixed asset investments held have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Details of the key assumptions used for the impairment testing for the year ended 28 February 2025, as well as the results of sensitivity analysis performed, are provided in note 7.

Share based payments

Share options issued to certain employees are measured at fair value at the grant date using a fair value model and are expensed on a straight-line basis over the vesting period based on an estimate of the number of options which will vest. The key assumptions of this model are disclosed in note 31 of the Vertu Motors plc consolidated financial statements.

3. Employee benefit expense

	2025 £'000	2024 £'000
Wages and salaries	61,800	59,604
Social security costs	7,042	6,780
Pension costs – defined contribution plans	3,087	2,959
Recovery of payroll costs from subsidiary companies	(41,852)	(40,287)
	30,077	**29,056**
Share based payments charge (note 17)	2,158	2,466
	32,235	**31,522**

3. Employee benefit expense (continued)

Details of the emoluments of the Directors who served during the years ended 28 February 2025 and 29 February 2024, which are included in the table above, are provided in note 9 of the Vertu Motors plc consolidated financial statements.

4. Average monthly number of people employed (including Directors)

	2025 Number	2024 Number
Sales	147	148
Service	26	28
Administration	553	649
	726	**825**

5. Intangible assets

	Computer Software £'000
Cost	
At 1 March 2024	1,616
Additions	144
At 28 February 2025	**1,760**
Accumulated Amortisation	
At 1 March 2024	1,221
Amortisation charge	151
At 28 February 2025	**1,372**
Net Book Value	
At 28 February 2025	**388**
At 29 February 2024	**395**

6. Tangible assets

	Computer equipment £'000	Office equipment £'000	Total £'000
Cost			
At 1 March 2024	10,602	367	10,969
Additions	1,950	273	2,223
Intercompany transfers	134	41	175
Disposals	(198)	(7)	(205)
At 28 February 2025	**12,488**	**674**	**13,162**
Accumulated Depreciation			
At 1 March 2024	7,379	167	7,546
Depreciation charge	1,936	140	2,076
Intercompany transfers	75	24	99
Disposals	(174)	(6)	(180)
At 28 February 2025	**9,216**	**325**	**9,541**
Net Book Value			
At 28 February 2025	**3,272**	**349**	**3,621**
At 29 February 2024	**3,223**	**200**	**3,423**

7. Investments

	£'000
Cost	
At 1 March 2024	**361,929**
Additions	13,414
Disposals *	(146,000)
At 28 February 2025	**229,343**
Accumulated impairment charges	
At 1 March 2024 and 28 February 2025	**13,355**
Net Book Value	
At 28 February 2025	**215,988**
At 29 February 2024	**348,574**

* Disposals in the year relate to a return of investment from a subsidiary following a dividend received from Helston Garages Group Limited.

Vertu Motors plc, the Company, as at 28 February 2025 and 29 February 2024, invested in 100% of the ordinary share capital of the following subsidiary undertakings, incorporated in the United Kingdom:

Company	**Principal activity**
The registered office address of the following companies is Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, Tyne & Wear, NE11 0XA:	
Vertu First Investments Limited (formerly Bristol Street First Investments Limited)	Motor retailer
Vertu Fourth Investments Limited (formerly Bristol Street Fourth Investments Limited)	Motor retailer
Vertu Motors (VMC) Limited	Motor retailer
Grantham Motor Company Limited	Motor retailer
Vertu Motors (Chingford) Limited	Motor retailer
Albert Farnell Limited	Motor retailer
Tyne Tees Finance Limited [1]	Motor retailer
Vertu Motors (Continental) Limited [1]	Motor retailer
Helston Garages Limited [1]	Motor retailer
Vertu Accident Repair Limited	Maintenance and repair of motor vehicles
South Hereford Garages Trade Parts LLP [1]	Parts retailer
Vans Direct Limited [1]	Online van retailer
Vertu Motors Third Limited	Online advertising
All Car Parts Limited [1]	Online parts retailer
Helston Garages Group (Management) Limited [1]	Payroll administration company
Macklin Property Limited	Property company
Vertu Motors (Property) Limited	Property company
Vertu Motors (Property 2) Limited [1]	Property company
BSH Pension Trustee Limited [1]	Pension scheme trustee
Vertu Motors (Durham) Limited [1]	Holding company (dormant subsidiaries)
Bristol Street Fifth Investments Limited [1]	Holding company (dormant subsidiaries)
Blake Holdings Limited [1]	Holding company (dormant subsidiaries)
Widnes Car Centre (1994) Limited [1]	Holding company (dormant subsidiaries)
Brookside (1998) Limited [1]	Holding company (dormant subsidiaries)
Hillendale Group Limited	Holding company (dormant subsidiaries)
Gordon Lamb Group Limited	Holding company (dormant subsidiaries)
Gordon Lamb Holdings Limited [1]	Holding company (dormant subsidiaries)
Hughes Group Holdings Limited	Holding company (dormant subsidiaries)
Bristol Street Group Limited [1]	Holding company
Vertu Motors Property 2 Holdings Limited	Holding company
Sigma Holdings Limited	Holding company
Vertu Ventures Limited	Holding company
Aceparts Limited	Holding company
SHG Holdings Limited	Holding company
Helston Garages Group Limited	Holding company
South Hereford Garages Limited [1]	Dormant company

7. Investments (continued)

Company	Principal activity
Hughes of Beaconsfield Limited [1]	Dormant company
Vertu Motors (Knaresborough) Limited	Dormant company
International Concessionaires Limited [1]	Dormant company
Vertu Motors (AMC) Limited	Dormant company
Bristol Street Limited [1]	Dormant company
Bristol Street (No. 1) Limited [1]	Dormant company
Bristol Street (No. 2) Limited [1]	Dormant company
National Allparts Limited [1]	Dormant company
Merifield Properties Limited [1]	Dormant company
Peter Blake Limited [1]	Dormant company
Peter Blake (Chatsworth) Limited [1]	Dormant company
Typocar Limited	Dormant company
Widnes Car Centre Limited [1]	Dormant company
Dobies (Carlisle) Limited [1]	Dormant company
Newbolds Garages (Mansfield) Limited [1]	Dormant company
Hillendale LR Limited [1]	Dormant company
Blacks Autos Limited [1]	Dormant company
Gordon Lamb Limited [1]	Dormant company
Vertu Motors (Finance) Limited	Dormant company
Vertu Motors (Pity Me) Limited [1]	Dormant company
Bristol Street Commercials (Italia) Limited	Dormant company
Vertu Fleet Limited	Dormant company
Motor Nation Cars Limited	Dormant company
Bristol Street Fleet Services Limited [1]	Dormant company
VanMan Limited [1]	Dormant company
Best4Vans Limited [1]	Dormant company
Carsandvansdirect Limited [1]	Dormant company
Power Bulbs Online Limited [1]	Dormant company
Power Bulbs Ltd [1]	Dormant company
Farmer & Carlisle Holdings Limited [1]	Dormant company
Farmer & Carlisle Limited [1]	Dormant company
Farmer & Carlisle Leicester Limited [1]	Dormant company
F.C. Business Operations Limited [1]	Dormant company
Jactamial Properties Limited [1]	Dormant company
Westcountry Ventures Limited [1]	Dormant company
Group SMB Limited [1]	Dormant company
Westcountry Enterprises Limited [1]	Dormant company
Wiper Blades Limited [1]	Dormant company
Rowes Garage Limited [1]	Dormant company
Nottingham TPS LLP [1]	Dormant LLP

<u>The registered address of the following companies is Dunfermline Autocentre, Halbeath Road, Dunfermline, Fife, KY12 7RD</u>

Boydslaw 103 Limited [1]	Holding company (dormant subsidiaries)
Dunfermline Autocentre Limited [1]	Dormant company

<u>The registered address of the following company is Peugeot Paisley, Saturn Avenue, Phoenix Retail Park, Paisley, PA1 2BH</u>

Easy Vehicle Finance Limited	Dormant company

<u>The registered address of the following company is 900 Kennishead Road, Darnley, Glasgow, G53 7RA</u>

The Taxi Centre Limited	Dormant company

[1] Held indirectly by the Company.

7. Investments (continued)

The following subsidiary undertaking (ordinary shares 100% owned and incorporated within the United Kingdom) was acquired by the Company during the year ended 28 February 2025:

Company	Principal activity
Vertu Motors (TMC) Limited (formerly Burrows Motor Company Limited)	Motor retailer

The registered address of the above subsidiary companies is Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, Tyne & Wear, NE11 0XA.

The Directors believe that the carrying value of the investments is supported by their underlying net assets, or their value in use based on discounted future cash flows.

The Company continually reviews for impairments triggers and where such an event or change in circumstances occurs, the Company tests to determine whether the fixed asset investments held have suffered any impairment. The recoverable amounts of cash-generating units ("CGUs") have been determined based on value-in-use calculations.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to gross profits and direct costs during the year in respect of the Company's trading subsidiaries:

- Management estimates discount rates using pre-tax rates that reflect current market assessments and the time value of money and the risks specific to the CGUs.
- Growth rates are based upon industry forecasts and the past performance of the CGU.
- Changes in gross profits and direct costs are based on past practices and expectations of future changes in the market.

Annual growth rates typically between 0% and 10% are assumed for years three to five depending on the CGU, after which a growth rate of 2% is assumed to perpetuity. Cash flows into perpetuity have been used to reflect the long-term and open-ended nature of the Group's business model. A risk adjusted pre-tax discount rate reflecting the Group's Weighted Average Cost of Capital ("WACC") of 9% (2024: 9%) is applied.

Sensitivity analysis has been performed on the impairment test based on three potential scenarios with the following results:

If restricted vehicle sales or reduced demand for service work as a consequence of a reduced vehicle parc significantly reduces the Group's earnings in the year ending 28 February 2026, with a return to normalised trading in the year ending 28 February 2027, it is not expected to create an impairment charge.

If the growth rate in years three to five is reduced to -5%, an additional impairment charge of £7.9m would arise in respect of the Company's investments.

If the pre-tax WACC was increased to 12%, an additional impairment charge of £7.9m would arise in respect of the Company's investments.

8. Debtors

	2025 £'000	2024 £'000
Trade debtors	1,765	1,421
Amounts owed by Group undertakings	54,261	68,720
Deferred tax asset (note 9)	2,178	2,681
Corporation tax	900	405
Value Added Tax	13,482	11,639
Prepayments and accrued income	15,805	12,001
	88,391	**96,867**

Amounts owed by Group undertakings are unsecured, bear no interest and have no fixed repayment date.

9. Deferred tax asset

	2025 £'000	2024 £'000
At beginning of year	2,681	3,780
Intercompany transfer	95	-
Charged to the profit and loss account	(645)	(1,070)
Credited / (charged) directly to equity	47	(29)
At end of year	**2,178**	**2,681**

The amounts recognised for deferred tax assets, calculated under the liability method at 25% (2024: 25%) are set out below:

	2025 £'000	2024 £'000
Depreciation in excess of capital allowances	(556)	(204)
Other short-term timing differences	2,734	2,885
Total	**2,178**	**2,681**

During the year ending 28 February 2026, the reversal of deferred tax assets is expected to decrease the corporation tax charge for the year by £406,000. This is primarily due to timing differences in relation to depreciation in excess of capital allowances.

10. Creditors: amounts falling due within one year

	2025 £'000	2024 £'000
Bank overdraft	-	12,861
Trade creditors	9,343	10,422
Other creditors	26,000	26,000
Taxation and social security	9,993	8,813
Accruals	39,940	40,924
Deferred consideration	1,000	-
Deferred income	11,753	13,400
	98,029	**112,420**

Other creditors comprise non-interest bearing advance payments from the Group's finance company partners.

Accruals includes £14,599,000 (2024: £14,076,000) in respect of outstanding service plans.

11. Creditors: amounts falling due after more than one year

	2025 £'000	2024 £'000
Bank borrowings	55,380	43,342
Deferred income (note 12)	8,435	10,075
	63,815	**53,417**

Borrowings are repayable as follows:	2025 £'000	2024 £'000
1-2 years	-	-
2-5 years	55,380	43,342
	55,380	**43,342**

The bank borrowings are secured on the assets of the Company and the subsidiaries. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Within one year £'000	Within two to five years £'000	Total £'000
Bank borrowings	-	55,380	55,380
Trade and other creditors	98,029	8,435	106,464
At 28 February 2025	**98,029**	**63,815**	**161,844**

	Within one year £'000	Within two to five years £'000	Total £'000
Bank borrowings	-	43,342	43,342
Trade and other creditors	112,420	10,075	122,495
At 29 February 2024	**112,420**	**53,417**	**165,837**

12. Deferred income

Deferred income due in greater than one year comprises:

	2025 £'000	2024 £'000
Warranty policies	8,183	9,800
Free servicing	252	275
	8,435	**10,075**

Warranty policies

The Group sells used vehicle warranty policies which are in-house products that can be taken out over 12, 24 or 36 months with income received on inception of the policy and released in the relevant subsidiary company in line with the timing of the associated costs being incurred. There is an additional £9,041,000 included in 'Deferred income' in creditors: amounts falling due within one year, in respect of such warranties recognising the amount to be released over the next 12 months (2024: £10,535,000).

12. Deferred income (continued)

Free servicing

The Group recognises deferred income in respect of a “free servicing” arrangement whereby the first or subsequent service of a vehicle post sale is provided free of charge to a customer, as part of the initial consideration for the vehicle sale. An element of the initial consideration which is estimated to relate to the service is recognised as deferred income and is released to the income statement of the relevant subsidiary company when the service has been undertaken. There is an additional £2,712,000 included in ‘Deferred income’ in creditors: amounts falling due within one year, in respect of such service work to be completed in the next 12 months (2024: £2,865,000).

13. Called up share capital, share premium account, other reserve, treasury share reserve and capital redemption reserve

2025	**Ordinary shares of 10p each Number of shares (‘000)**	**Called up Share capital £’000**	**Share premium account £’000**	**Other reserve £’000**	**Treasury share reserve £’000**	**Capital redemption reserve £’000**	**Total £’000**
At 1 March 2024	333,211	33,760	124,939	10,645	(2,056)	5,967	173,255
Sale of treasury shares	2,631	-	-	-	1,244	-	1,244
Purchase of treasury shares	(6,033)	-	-	-	(4,000)	-	(4,000)
Repurchase of own shares	(7,500)	-	-	-	-	-	-
Cancellation of repurchased shares	-	(750)	-	-	-	750	-
At 28 February 2025	**322,309**	**33,010**	**124,939**	**10,645**	**(4,812)**	**6,717**	**170,499**

All issued shares are fully paid-up.

The other reserve is a merger reserve, arising from shares issued for shares as consideration to the former shareholders of acquired businesses.

2024	**Ordinary shares of 10p each Number of shares (‘000)**	**Called up Share capital £’000**	**Share premium account £’000**	**Other reserve £’000**	**Treasury share reserve £’000**	**Capital redemption reserve £’000**	**Total £’000**
At 1 March 2023	343,280	34,894	124,939	10,645	(2,653)	4,833	172,658
Sale of treasury shares	1,274	-	-	-	597	-	597
Repurchase of own shares	(11,343)	-	-	-	-	-	-
Cancellation of repurchased shares	-	(1,134)	-	-	-	1,134	-
At 29 February 2024	**333,211**	**33,760**	**124,939**	**10,645**	**(2,056)**	**5,967**	**173,255**

Notes to the Company Financial Statements (continued)

14. Hedging reserve

	2025 £'000	2024 £'000
Cash flow hedges:		
At beginning of year	220	133
Fair value (losses) / gains on derivative financial instruments during the year	(187)	116
Deferred taxation on fair value losses / (gains) during year	47	(29)
At end of year	**80**	**220**

15. Profit and loss account

	2025 £'000	2024 £'000
As at beginning of year	109,947	122,793
Profit for the financial year	17,800	1,003
Dividend paid	(7,954)	(7,759)
Share based payments charge	1,890	1,856
Repurchase of own shares	(4,870)	(7,464)
Treasury shares issued	(1,198)	(482)
As at end of year	**115,615**	**109,947**

The profit for the financial year to 28 February 2025 includes £15,451,000 in respect of dividends received from wholly owned subsidiary companies.

16. Dividends per share

Dividends of £7,954,000 were paid in the year ended 28 February 2025 (2024: £7,759,000), 2.40p per share (2024: 2.30p).

A final dividend of 1.15p per share is to be proposed at the Annual General Meeting on 25 June 2025. The ex-dividend date will be 26 June 2025 and the associated record date 27 June 2025. The dividend will be paid, subject to shareholder approval, on 25 July 2025 and these financial statements do not reflect this final dividend payable.

17. Share based payments

For details of share based payment awards and fair values, see note 31 to the consolidated financial statements. The Company financial statements include a share based payments charge for the year of £2,158,000 (2024: £2,466,000).

18. Contingencies

See note 36 to the consolidated financial statements for details of contingent liabilities as at the balance sheet date.

19. Directors' remuneration

The remuneration of the Directors who served during the year from 1 March 2024 to 28 February 2025 is set out in note 9 of the consolidated financial statements on page 122.

20. Commitments

The Company leases vehicles under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases is set out below:

Commitments under non-cancellable operating leases payable:	2025 £'000	2024 £'000
No later than 1 year	503	668
Later than 1 year and no later than 5 years	249	482
Later than 5 years	-	-
	752	**1,150**

21. Related party transactions

The Company has related party relationships with its subsidiaries and with key management personnel.

Transactions with the Directors of the Company are disclosed in note 38 of the consolidated financial statements.

Alternative Performance Measures

Set out below are the definitions and sources of various alternative performance measures which are referred to throughout the Annual Report. All financial information provided is in respect of the Vertu Motors plc Group.

Definitions

Like-for-like	Dealerships that have comparable trading periods in two consecutive financial years.
Core Group	Dealerships that have traded for the full 12 month periods of March 2023 to February 2024 and March 2024 to February 2025.
FY25	The twelve month period ended 28 February 2025.
FY24	The twelve month period ended 29 February 2024.
Adjusted	Adjusted for impairment charges, reorganisation costs and other non-underlying items. This definition has been amended during the year ended 28 February 2025 to exclude share-based payment charges and amortisation which were previously included in non-underlying items. Share-based payments and amortisation are included in underlying items in both the current and the comparative period.
Aftersales gross margin	Aftersales gross margin compares the gross profit earned from aftersales activities to the total aftersales revenues, including internal revenue relating to service and vehicle preparation work performed on the Group's own vehicles. This is to properly reflect the real activity of the Group's aftersales department.

Alternative Performance Measures

Adjusted operating profit

	2025 £'000	2024 (as restated – Note 1) £'000
Operating profit	47,837	56,041
Non-underlying items (note 8):		
Redundancy costs	2,817	872
Rebrand costs	794	-
Impairment of freehold land and buildings (note 18)	524	-
Other site closure costs	106	-
Acquisition costs	328	-
Impairment of goodwill (note 15)	-	128
Lease surrender premium	-	(840)
Adjusted operating profit	**52,406**	**56,201**

Free cash flow

	2025 £'000	2024 £'000
Net cash inflow from operating activities	66,637	83,965
Purchase of other property, plant and equipment	(24,611)	(23,686)
Enhancement capital expenditure included in above	9,789	11,610
Purchase of intangible assets	(145)	(253)
Proceeds from disposal of property, plant and equipment	5,575	3,589
Principal elements of lease repayments (note 19)	(19,954)	(18,183)
Free cash flow	**37,291**	**57,042**

Alternative Performance Measures (continued)

Adjusted profit before tax (PBT)

	2025 £'000	2024 (as restated – Note 1) £'000
Profit before tax	24,750	34,567
Non-underlying items (note 8):		
Redundancy costs	2,817	872
Rebrand costs	794	-
Impairment of freehold land and buildings (note 18)	524	-
Other site closure costs	106	-
Acquisition costs	328	-
Impairment of goodwill (note 15)	-	128
Lease surrender premium	-	(840)
Adjusted PBT	**29,319**	**34,727**

Tangible net assets per share

	2025 £'000	2024 £'000
Net assets	357,551	353,373
Less:		
Goodwill and other indefinite life assets (note 15)	(135,506)	(129,092)
Other intangible assets (note 16)	(1,557)	(1,971)
Add:		
Deferred tax on above adjustments	14,318	12,668
Tangible net assets	**234,806**	**234,978**
Tangible net assets per share	**72.9p**	**70.5p**

At 28 February 2025, there were 330,101,763 shares in issue (2024: 337,602,150) of which, 7,793,005 were held by the Group's employee benefit trust (2024: 4,391,449). Rights to dividends on shares held in the Group's employee benefit trust have been waived and therefore such shares are not included in the tangible net asset per share calculation.

Like-for-like reconciliations:

Revenues by department

2025	FY25 Group revenue £'m	FY25 Acquisition revenue £'m	FY25 Disposals revenue £'m	FY25 Like-for-like revenue £'m
New car retail and Motability	**1,439.9**	(50.9)	-	1,389.0
New fleet and commercial	**1,054.8**	(10.5)	-	1,044.3
Used cars	**1,851.4**	(76.4)	(6.9)	1,768.1
Aftersales	**417.8**	(13.9)	(6.0)	397.9
Total revenue	**4,763.9**	**(151.7)**	**(12.9)**	**4,599.3**

2024	FY24 Group revenue £'m	FY24 Acquisition revenue £'m	FY24 Disposals revenue £'m	FY24 Like-for-like revenue £'m
New car retail and Motability	**1,452.5**	(4.2)	(12.5)	1,435.8
New fleet and commercial	**1,037.4**	(0.5)	(4.4)	1,032.5
Used cars	**1,816.2**	(21.1)	(26.5)	1,768.6
Aftersales	**380.2**	(1.9)	(10.1)	368.2
Total revenue	**4,686.3**	**(27.7)**	**(53.5)**	**4,605.1**

Alternative Performance Measures (continued)

Like-for-like reconciliations (continued):

Gross profit ("GP") by department

2025	FY25 Group GP £'m	FY25 Acquisition GP £'m	FY25 Disposals GP £'m	FY25 Like-for-like GP £'m
New car retail and Motability	**110.2**	(2.7)	-	107.5
New fleet and commercial	**55.7**	(0.8)	-	54.9
Used cars	**130.9**	(4.7)	(0.1)	126.1
Aftersales	**236.1**	(8.7)	(1.0)	226.4
Total GP	**532.9**	**(16.9)**	**(1.1)**	**514.9**

2024	FY24 Group GP £'m	FY24 Acquisition GP £'m	FY24 Disposals GP £'m	FY24 Like-for-like GP £'m
New car retail and Motability	**119.6**	-	(1.2)	118.4
New fleet and commercial	**55.6**	(0.1)	(0.5)	55.0
Used cars	**122.5**	(1.3)	(0.8)	120.4
Aftersales	**218.4**	(1.4)	(2.9)	214.1
Total GP	**516.1**	**(2.8)**	**(5.4)**	**507.9**

Company Information

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