



Vertu
Motors plc

ANNUAL REPORT & FINANCIAL STATEMENTS
For the year ended 28 February 2026

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Company Information

Financial Diary

Annual General Meeting	24 June 2026
Interim Results 2026/27	October 2026
Final Results 2026/27	May 2027

Performance Highlights

Operational Highlights

- Adjusted¹ profit before tax of £24.5m ahead of market expectations² delivered despite weak new vehicle markets due to the Government's Zero Emission Mandate (ZEV) and related margin pressure.
- £3.4m of insurance proceeds recognised as other income in FY26 in underlying earnings offsetting losses from the JLR cyber-attack of £3.9m.
- Aftersales delivered strong growth, with like-for-like revenue and gross profit growth, now generating over 46% of Group gross profit and underpinning earnings resilience.
- Modest used car volume growth, with pricing stability and stable gross profit per unit.
- Disciplined cost control, with Core Group³ operating costs up just 1.1% year-on-year despite wage inflation, and a further £10m cost efficiency programme delivered to aid FY27 results.
- Robust cash generation, with £30.7m of free cash flow, bolstering an already strong balance sheet.
- Net debt⁴ of £61.3m as at 28 February 2026 (FY25: Net debt: £66.6m).
- Capital returns maintained, with final dividend of 1.15p per share recommended holding full-year dividend flat at 2.05p per share (FY25: 2.05p) and £10.7m returned through share buybacks during the year. A total of £46.5m expended on the repurchase of over 21% of the Group's issued shares since the programmes began in FY18. Further £12m share buyback programme announced in March.
- Non-underlying costs of £5.1m arose as a result of dealership closures and restructuring costs to reduce the cost base of the Group. This is offset by £0.9m of non-underlying income relating to profit on disposal of surplus freehold properties and disposal of businesses.
- Surplus freehold property disposals generated cash proceeds of £5.1m and were sold at an aggregate £0.6m premium to book value in FY26. FY27 has already seen surplus property disposals of £1.5m at a premium to book value of £0.5m. Glasgow disposal, announced in Pre-close Trading update as expected to complete in March is delayed.
- Net tangible assets per share of 75.9p (FY25: 72.9p)
- Group awarded 2025 Retailer of the Year and Customer Experience award by Autotrader.
- Programme to enhance portfolio with new Chinese entrant brands implemented and set to continue: Jaecoo, Omoda, Lepas, Chery and Leapmotor to be added to portfolio.

Current Trading and Outlook Highlights

- Strong start to FY27, trading profit for March and April 2026 was ahead of the prior year.
- The Group's resilient Aftersales operations delivered record performance and a £2.9m uplift in Core Group gross profit in March and April compared to the prior year period.
- On 1 April the Group launched Value Cars by Vertu, an initiative to increase market share in the 7-to-14-year-old used car market. Initial indications are that this will add incremental profits.
- The ZEV mandate is distorting volumes, margins and channel mix for new car and commercial vehicles, alongside elevated discounting and potential non-BEV supply constraints. The ratcheting of targets creates more intense pressure and the Group has asked the Government to urgently bring forward its review of the ZEV mandate from 2027 to 2026.

Performance Highlights (continued)

Current Trading and Outlook Highlights (continued)

- The impact of the Middle East conflict driving fuel price volatility, pressuring consumer confidence, disposable income and vehicle demand is being monitored. No material adverse consumer trends are visible today. BEV and hybrid vehicles are showing higher interest from customers as expected. A prolonged conflict could drive up inflation.
- Group remains well positioned, with scale advantages, disciplined execution and a strong financial position to navigate structural market adjustment and capture opportunities.

Financial Summary

FINANCIAL SUMMARY

Years ended 28 February	2026	2025
Revenue	£4,833.8m	£4,763.9m
Adjusted ¹ profit before tax	£24.5m	£29.3m
Non-underlying items	£4.2m	£4.6m
Profit before tax	£20.3m	£24.8m
Basic Adjusted ¹ EPS	5.71p	6.58p
Dividends per share	2.05p	2.05p
Free Cash Flow	£30.7m	£37.3m
Net Debt ²	£61.3m	£66.6m

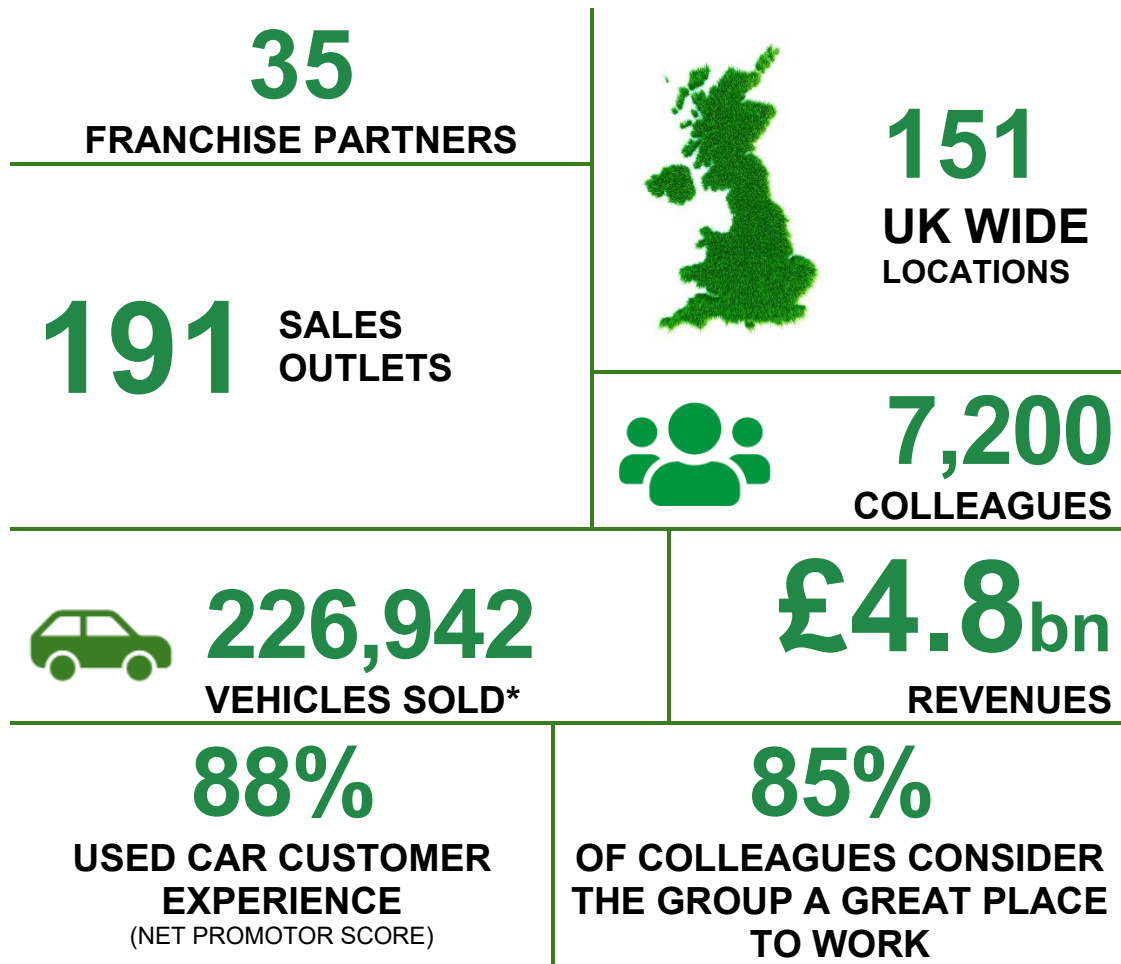
¹ Adjusted to remove non-underlying items

² According to compiled data at 30 April 2026, the current consensus of three sell side analysts' expectations for FY26 adjusted profit before tax is £24.0m with a range of £23.4m to £24.4m

³ Core Group represents dealerships that have traded for the full period from 1 March 2024

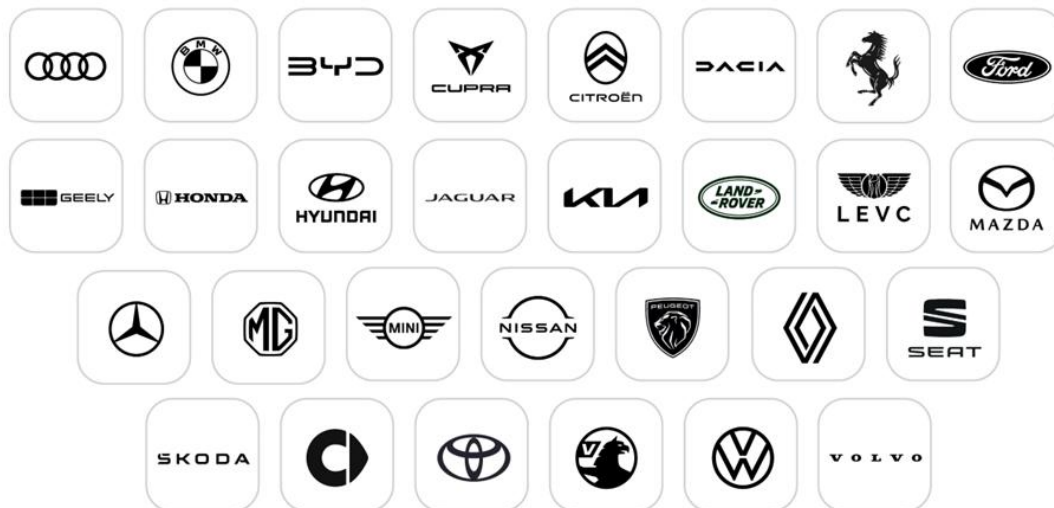
⁴ Excludes lease liabilities, includes used vehicle stocking loans

At a Glance



* including trade vehicles

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 stakeholders to understand what matters to them and take this into account when setting strategy and also in 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:
<p>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.</p>	<ul style="list-style-type: none"> • Pay and benefits • Communication • Wellbeing • Training and development • Colleague recognition • Business performance • Community involvement and fundraising 	<ul style="list-style-type: none"> • 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 (A Cox) • Local and divisional colleague satisfaction action plans



Customers

How we engage:	Key interests raised:	Outcomes of engagement:
<p>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.</p>	<ul style="list-style-type: none"> • Service delivery • Ability to self-serve online • Product knowledge including electric vehicles and alternative fuels • Access to local service • Value for money • Community involvement 	<ul style="list-style-type: none"> • 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

Group Stakeholders (continued)

Engaging with Stakeholders - section 172 statement (continued)



Investors

How we engage:

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.

Key interests raised:

- Financial performance
- Capital allocation
- Execution of strategy
- Competition
- Sustainability & ESG

Outcomes of engagement:

- Meetings held throughout the year
- £12m share buy-back programme announced for FY27
- Results webcast for retail investors



Manufacturer Partners

How we engage:

Group management is organised along franchise lines to ensure sufficient knowledge and aid communication. New MD's allow more time for CEO to engage with Manufacturer partners. Regular meetings occur with Manufacturer management. The Group is represented on the dealer franchise boards.

Key interests raised:

- Customer satisfaction
- Financial performance
- Volume of vehicles sold
- Quality of premises and compliance with standards
- Portfolio management and representation

Outcomes of engagement:

- 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
- Manufacturer visits and presentations to the plc Board



Suppliers

How we engage:

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 interests raised:

- Group strategy
- Collaborative working
- Integration of systems

Outcomes of engagement:

- Cost reductions through contract revisions
- Strategic partnership arrangements and collaboration on development

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
- Consumer Duty embedded
- 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, including the Vertu Primary Cup (boosting inclusion in grassroots football)
- Vertu Food Drives support regional foodbank networks
- Ongoing and new sponsorship programmes benefit communities local to the Group's operations
- Backing of "community champion" awards, recognising those making a difference in the local communities we share

Group Stakeholders (continued)

Engaging with Stakeholders - section 172 statement (continued)



Government and Regulators

How we engage:

The Group maintains regular contact with Government and regulatory stakeholders and is a member of expert working groups

Key interests raised:

- Marketing and Communication
- Health and Safety
- MOT compliance
- Compliance with laws and regulations
- Fair treatment of customers

Outcomes of engagement:

- 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:

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,

Key interests raised:

- Renewable energy
- Waste reduction and recycling
- Building/construction
- BEV sales
- Reduction in key resources used

Outcomes of engagement:

- 99% renewable energy in the Group
- 8% self-generated electricity
- BEV sales growth in excess of retail market
- 74% of waste recycled on site
- 3% reduction in electricity usage
- 8% reduction in gas usage
- Print volumes reduced by a further 5% in the 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 demonstrated resilience and strong operational discipline during the year ended 28 February 2026, navigating a highly challenging period for the UK automotive sector. Adjusted⁵ profit before tax of £24.5m was slightly ahead of market expectations⁶, reflecting effective execution against a backdrop of continuing regulatory disruption leading to weak new vehicle retail conditions and margin pressure. The cyber-attack on Jaguar Land Rover ('JLR') also impacted the Group's operations in the second half.

New vehicle market conditions were heavily influenced by the Government's ZEV mandate, which continued to distort Manufacturer behaviour, suppress retail margins and shift volume into lower-return channels. Consumer and business confidence also remained subdued generally. The Board is also mindful of wider geopolitical risks, including ongoing instability in the Middle East, which could increase energy price volatility and further pressure consumer confidence and household disposable income.

From September onwards, the Group's operations were impacted by the cyber attack at JLR, which temporarily disrupted vehicle supply and aftersales activity across the JLR network. Management responded decisively to mitigate the financial impact and maintain operational continuity. The Group recovered a substantial amount of the losses incurred through receipts from its insurance policy, which have been recognised in the Year.

Against this backdrop, the Group focused on what it could control. Aftersales delivered a strong performance, disciplined cost actions were implemented, and robust cash generation was achieved, underpinning a strong balance sheet. Gearing is low at 17% and this provides the Board with comfort as to the resilience of the Group in an uncertain market.

The Group continued to execute its growth strategy through selective acquisitions and portfolio development, including further expansion with fast-growing Chinese Manufacturers.

Active portfolio management also resulted in continued trends for the disposal of surplus property assets at a premium to book value. This reflects the conservative nature of the Group's property book values which underpin tangible asset values.

In April 2025, the Group completed its transition to operating under a single retail brand, Vertu. This simplification has been well received by Manufacturers and customers and is expected to deliver marketing efficiencies and operational benefits in FY27. Alongside this, the Group continued to invest in proprietary systems and digital capability, improving efficiency, customer experience and scalability.

Capital allocation remains a core Board priority. Strong cash generation enabled continued investment in the business alongside delivering shareholder return strategies, including dividends and share buybacks. Since the commencement of the buyback programme in 2018, over £46.5m has been returned to shareholders through these programmes with over 21% of issued shares now repurchased. The Board was pleased to announce another £12m share buyback programme in March 2026.

The Board also benefited from continued strength and stability in governance and leadership. The experience and commitment of the executive team, supported by a strong and well-balanced Board, positions the Group well to navigate ongoing structural change in the automotive sector. The Group was founded 20 years ago as an AIM-Listed cash shell flotation. It has grown its asset base and scale of operations consistently with 19 years of continuous profitability.

The Group is very well positioned from a management, financial capacity and Manufacturer relationship standpoint to undertake further substantial growth as opportunities arise.

Finally, I would like to thank our more than 7,200 colleagues for their professionalism, resilience and dedication throughout a demanding year. Their commitment remains fundamental to the Group's long-term success.

Andrew Goss, Chairman

⁵ Adjusted to remove non-underlying items

⁶ According to compiled data at 30 April 2026, the current consensus of three sell side analysts' expectations for FY26 adjusted profit before tax is £24.0m with a range of £23.4m to £24.4m.

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. 71% of the Group's colleagues participated in the survey conducted in October 2025. 98% of respondents confirmed that they knew the 'Vertu Values' and 94% confirmed that they 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
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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

- 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
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Group Strategy (continued)

Overview

The Group's key long-term strategic goal is: 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.
- To develop and motivate the Group's colleagues to ensure operational excellence is delivered constantly across the business.

Within a most challenging year for the sector, the Group focused on what it could control and on delivery of these long-term strategic goals. Aftersales delivered strong growth and margin expansion, portfolio rebalancing progressed and decisive cost actions were taken to mitigate structural cost pressures. These actions underpinned robust cash generation and a strong balance sheet, positioning the Group well entering the new financial year.

The Group continues to drive productivity through technology, supported by a significant in-house development team spanning systems integration, automation, digital products and emerging AI use cases.

Market Dynamics and Structural Shifts

The UK automotive market in FY26 remained heavily shaped by regulatory intervention rather than underlying consumer demand. The UK retains one of the most ambitious BEV transition trajectories among major automotive markets, with Manufacturers of cars required to achieve a 28% BEV mix in 2025 and 33% in 2026, facing fines of £12,000 per vehicle for non-compliance. Future targets ratchet up significantly to an 80% mix in 2030. BEVs accounted for only 23.4% of car registrations in 2025, achieved largely through financially unsustainable Manufacturer discounting. The SMMT highlight that current market conditions differ materially from those assumed when the mandate was set out, battery, industrial energy and public charging costs are all significantly higher than was then anticipated. The SMMT estimates discounting of BEV vehicles exceeded £5 billion in 2025 (at least £11,000 per BEV), distorting both new and used car markets and creating sustained margin pressure across the sector. By the end of April 2026, BEV share stood at 23.1% calendar year to date, leaving uptake short of the 33% share required.

Subdued business confidence and economic headwinds, together with very aspirational targets under the ZEV mandate for light commercial vehicles contributed to an 8.6% reduction in registrations of light commercial vehicles ('LCV') in the UK in the Year. Change cycles have been extended, particularly in the 2.0 to 2.5 tonne small van category which showed an 18.4% market decline. There are several structural challenges to wider electric LCV adoption in the UK that are more acute than for cars. Charging infrastructure limitations, payload limitations, residual value concerns of major funders and affordability concerns are all limiting BEV adoption in the van market. A separate ZEV mandate applies to LCV in the UK, with a target BEV mix in 2026 of 24% against an actual UK LCV registration BEV mix of 9.4% in 2025. BEV registrations to April calendar year to date remained at the same level with no growth. The fines for missing the mandated targets on vans are £15,000 per van, which is above the £12,000 fine for cars. The ZEV mandate looks certain to continue to disrupt the LCV market significantly in the coming periods as Manufacturers seek to avoid fines.

The LCV market was also impacted by taxation changes for double cab pickups. In April 2025 such vehicles were reclassified as 'cars' rather than 'vans' in terms of their taxation treatment, becoming substantially more expensive to operate as company vehicles due to higher benefits in kind, reduced capital allowances and higher applicable Employers' National Insurance costs. Overall, fewer pickups were registered in the Year because of this change, despite a significant spike in registrations in March 2025 as users bought ahead of the tax changes.

Group Strategy (continued)

Market Dynamics and Structural Shifts (continued)

A further structural shift in the UK market has been the rapid growth of Chinese Original Equipment Manufacturers ('OEMs'). New Chinese⁷ brands have increased UK market share at pace with a 5.5% share in 2025 (2024: 0.7%) supported by competitive pricing, strong technology propositions and an ability to supply both pure BEV and hybrid powertrains at scale. As Chinese vehicle production increasingly exceeds domestic demand and with Chinese factories running far below capacity, the UK has become a strategically attractive export market, particularly given the absence of significant tariffs on Chinese EV imports in contrast to other key markets. This has intensified competition across key segments, accelerated price pressure on other Manufacturers and contributed to the erosion of traditional brand loyalty. While Chinese brands remain relatively immature from an aftersales perspective and therefore currently generate lower returns, their growing presence represents a material and likely lasting change to the UK automotive landscape. The Group is working with a number of these new Manufacturers to grow its share of sales outlets operated.

During the Year, the Government confirmed changes to the Motability Scheme, which will take effect from 1 July 2026. These measures removed some long-standing tax exemptions and increase the cost of operating the Scheme. Motability also removed access to the Scheme for certain premium Manufacturer brands such as Audi, BMW and Mercedes from the end of 2025. These brands represented 4.7% of the Scheme in 2025. Existing leases are not affected, and eligibility for the Scheme remains unchanged. The Motability Scheme continues to play an important role in supporting customers with mobility and independence needs. The Group's position as the programme's largest retailer, managing over 50,700 vehicles, provides a resilient and recurring source of aftersales revenue, as each vehicle requires an annual service funded by Motability throughout the lease period.

⁷ Source: SMMT, includes BYD, Jaecoo, Omoda, Chery, Leapmotor, Xpeng, GWM, Geely and Changan.

Financial Conduct Authority: Motor Finance Redress

On 30 March 2026 the Financial Conduct Authority published the details of its Motor Finance Commission Redress Scheme ('Scheme'). This is an industry wide scheme to address historic unfairness in motor finance in the period from April 2007 to November 2024. This followed a consultation process that began in October 2025 and which the Group took an active part in.

The Scheme requires lenders to pay redress to consumers if the finance contracts they entered into meet specific detailed criteria. The FCA estimate that circa 12 million agreements will meet the criteria for redress. There is a 3-month period for lenders to prepare their systems and procedures in order to identify the agreements that are in scope.

The Group acts as credit brokers for the lenders and we will have been involved in broking agreements that will qualify for redress. The Group's responsibilities as brokers are explicitly detailed in the FCA scheme rules. These are limited in the Scheme to providing the lenders with information they may ask us for in order to determine if a particular consumer agreement qualifies for redress. Extensive preparatory work has already been carried out on Group data in this area so that information can be provided to lenders within the one-month timescale defined by the Scheme. The Group is currently working with lenders to understand the data they require and intend to provide that in a bulk data share wherever possible. Given the scale of the Scheme the Group may need to invest in additional resource to meet this regulatory requirement.

The expected sums of the redress scheme as a whole are substantial and estimated by the FCA at c. £9bn for the UK. One financial institution (covering 10% of the used car finance market) has expressed its intention to exit the market as a result of the impact of the redress scheme. Others have already exited. There is a risk that the market for consumer finance will contract in the future given the retrospective regulatory actions and this may lead to increased costs to consumers and reduce the Group's income as a credit broker in the future.

On 1 May 2026 the FCA confirmed the Scheme has been formally challenged by one claims management company and three lenders. The Scheme will now be referred to the Upper Tribunal, where it will be subject to a further Judge led review. The Scheme has therefore been postponed.

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 should that position change.

Group Strategy (continued)

Operational Performance

New Vehicles

The Group's new vehicle profitability declined significantly for a second consecutive year. Reduced Motability volumes, weaker retail margins driven by increased upfront discounting, and lower Manufacturer support contributed to a reduction in Core Group new vehicle gross profit compared to the prior year of £8.7m. Over the last 24 months, Core Group new retail vehicle departmental gross profit has declined by £19.6m putting significant pressure on Group profitability. While like-for-like new retail sales volumes increased modestly, this lagged the wider market, which was supported by elevated pre-registration activity.

Despite these headwinds, Core Group new car gross margin percentages improved slightly, reflecting a more favourable sales mix as Motability volumes reduced and the Group saw increased activity under agency arrangements where the Group receives a handling fee. Group like-for-like BEV new retail volumes increased 71.0% compared to FY25, representing a meaningful outperformance, compared to the UK private BEV market which grew 50.2%.

Fleet and commercial gross profit in the Core Group declined £4.2m compared to the prior year. Reduced LCV volumes, driven by the weaker market for the commercial vehicles in the UK, the impact of the JLR cyber-attack and reduced margins all had an effect on Group profitability in this segment.

Aftersales

The UK market for aftersales is benefitting from the highest number of cars and vans on the road in UK history. Aftersales once again demonstrated its importance to the Group's earnings resilience. Like-for-like aftersales gross profit and revenues increased across all major channels, supported by strong customer retention, good technician availability, an increase in internal rates charged to the vehicle departments in preparing vehicles for sale and effective operational execution. Group initiatives such as Pay Later (where additional work identified and sold can be paid for over a number of months) continued to enhance conversion of identified repairs at strong margins.

With approximately 160,000 live service plans and more than 50,700 Motability vehicles under contract, the Group has a highly resilient aftersales revenue base. Aftersales generates over 46% of total Group gross profit and remains a core pillar of profitability and cash generation, supported by continued strategic development across service, parts and repair operations.

Used Vehicles

The UK used vehicle market was resilient in 2025, growing 2.2% year-on-year in terms of number of transactions. However, demand was uneven by age bracket, with older vehicles attracting stronger interest reflecting affordability and value-seeking behaviour by consumers. Used vehicle supply remained a structural constraint in the market throughout 2025, as the lingering impact of post-pandemic new car shortages continued to suppress the availability of 3-5-year-old used vehicles – a core market for franchised dealerships. Wholesale prices of used vehicles have been resilient and have remained broadly stable throughout the year. Retail and wholesale pricing came under pressure in nearly new vehicles, where prices were constrained by both heavy Manufacturer discounting of new vehicles and more muted consumer demand. This resulted in margin pressure in younger used cars offset by stronger margins in older cars.

From April 2026, the Group has rolled out a new initiative focused on the retailing of used vehicles in the 7-14-year-old range, opening a new segment leveraging the Vertu brand, distribution and data expertise in used vehicle pricing. Value Cars by Vertu reflects changing customer affordability dynamics and value seeking behaviour in the UK used car market, driving this segment to be the strongest part of the current used car market. This initiative has the potential to enhance volumes, margins and overall profits for the Group.

Group Strategy (continued)

Operational Performance (continued)

Management

The Group is underpinned by a stable leadership structure which is at the core of delivery of operational and financial results, especially during periods of market volatility. To further enhance the senior leadership team, two new roles were created with internal promotions from Group Operations Directors to Managing Directors, effective from 1 January 2026. Leon Caruso and Anthony Masterson were previously Group Operations Directors overseeing the Group's JLR and BMW divisions. They have been with the Group seven and five years respectively and have been key members of the Group's Next Generation senior leadership development programme. The Managing Directors now oversee Group dealership operations providing resource and dedication to maximise focus. This has reduced the CEO's span of control and enabled me as CEO to concentrate on Manufacturer relationships, the execution of Group strategy and to spend more time in the Group's dealerships and operations.

To provide additional focus on the Group's substantial and profitable parts business, a further internal appointment into a newly created role of Group Parts Director was made on 1 September 2025. Since appointment, Gregor Mackie has developed a clear growth strategy for the Group's parts operations, strengthening commercial focus and operational alignment across wholesale, retail and internal channels. A key element of this strategy is the implementation of an after-market parts solution to support the servicing and preparation of older vehicles. This initiative is designed to capture sales previously lost where Manufacturer parts are priced above what customers are willing to pay, ensuring the Group can offer competitively priced repair options without compromising quality. The development of this after-market offering complements the Group's increasing focus on retailing older used vehicles, broadening customer appeal and supporting margin resilience across the aftersales and used vehicle operations.

Cost Discipline

The Group completed the transition to a single retail brand, Vertu, across all dealerships. This strategic consolidation is expected to deliver material marketing efficiencies and operational benefits.

In parallel, the Group undertook decisive cost actions to mitigate rising structural cost pressures and the impact of reduced new vehicle profitability. Management implemented a comprehensive cost reduction programme for the second consecutive year in late 2025 and early 2026, focused on areas within the Group's control, including headcount rationalisation, selective dealership closures where return hurdles were not being met, and tighter control of discretionary expenditure. These actions were complemented by continued investment in automation and process efficiency and are expected to save £10m of annualised cost going forward.

Digitalisation Developments

The Group's 60-strong in-house development team continues to drive digitalisation across the business, enhancing the customer proposition, improving operational efficiency and supporting profitability. This in-house capability enables the Group to rapidly design, develop and deploy proprietary systems while maintaining tight control of cost, data and intellectual property, increasingly positioning the Group as one of the most technologically advanced automotive retailers in the UK.

Investment in systems and operational development enables the Group to standardise processes, strengthen controls and access real-time management information, supporting faster and more informed decision-making across the business.

These initiatives form part of a broader multi-year programme to modernise the Group's digital platforms, data infrastructure and operational processes.

Group Strategy (continued)

Digitalisation Developments (continued)

The following highlights some of the key areas of digitalisation progress delivered in the Year:

- **Artificial Intelligence Adoption and Digital Productivity**

The Group continues to explore the practical application of Artificial Intelligence ('AI') and advanced digital tools to improve productivity, enhance customer engagement and support operational efficiency. The focus remains on targeted deployments where clear business benefit and return on investment can be materially demonstrated. Great care is being taken to ensure the application of such technologies is secure and appropriate.

During the Year, AI-driven call analysis technology was successfully rolled out across the Group's central contact centre operations. All phone and internet enquiries for all outlets are handled by these centres based in Gateshead, North East England for sales and service. The technology automatically reviews and summarises customer calls, providing improved management insight into call quality, customer needs and training opportunities for colleagues. This deployment significantly reduces the manual effort previously required to monitor calls while enabling more consistent quality assurance across customer interactions.

Alongside this development, AI-driven voicemail services have been introduced which automatically transcribe and categorise customer messages before routing them to the appropriate teams for follow-up. This functionality improves response times for customers while reducing administrative workload.

Building on the availability of AI-generated call transcripts and the Group's extensive operational data, new analytical models are also being developed to further enhance both customer experience and regulatory compliance. These include propensity models to better understand customer behaviour and risk models designed to identify potential indicators of vulnerability in line with FCA requirements and the Consumer Duty framework. These models combine customer interaction transcripts with historical sales and operational data to provide improved insight into customer journeys and support colleagues in delivering appropriate customer outcomes. The AI insights are used to help script and direct the next contact point for the customer such as bespoke scripting of the next sales call in the sales process. The capability entered pilot in April 2026 and is currently being tested across 16 dealership locations within the Group.

Within the Group's in-house development function, new development tools incorporating AI capabilities are being tested. This area of AI is particularly fast moving. These tools assist engineers with elements of coding, documentation and testing, enabling development teams to deliver system enhancements more efficiently and focus their time on higher-value engineering tasks.

The Board believes that the measured deployment of AI across customer contact handling, internal knowledge management and software development processes will continue to improve productivity and support the Group's operational efficiency going forward.

- **Website Re-Platforming and Digital Presence**

Following the transition to a single retail brand 'Vertu', the Group commenced a full rebuild of its core retail website platform. This modular programme, delivered entirely by the Group's in-house development team, continues to progress well and remains on track for completion in mid-2026. Modular changes to date have increased search engine optimisation visibility and effectiveness and increased website conversion. The Group was awarded 2025 Autotrader 'retailer of the year' and customer experience award, reflecting the strong focus on digital customer experience.

Alongside the re-platforming programme, the Group has continued to strengthen its Search Engine Optimisation ("SEO") capability. Visibility across key automotive search terms has improved significantly during the Year and the Group now consistently ranks first amongst automotive retail peers across a broad range of priority search categories. Visibility of the Vertu Motors website has increased from 4% to a sector leading level of over 18% over the Year.

Group Strategy (continued)

Digitalisation Developments (continued)

- **Website Re-Platforming and Digital Presence (continued)**

The Group has also identified the growing importance of video content and YouTube channels as search behaviour evolves, particularly as AI-driven search becomes more prevalent. Work is underway to expand the Group's video content capability as part of its broader digital marketing strategy and the Group has seen some early successes in this area.

- **Customer Data Platform ("CDP")**

The Group continues to strengthen how it uses customer information stored in its Customer Data Platform ("CDP"), to support enhanced CRM with more effective marketing and improved customer engagement. During the year, changes were made to better connect customer communications and data, helping the Group teams work more efficiently and tailor messages more effectively.

These improvements supported increased customer contact activity and contributed to record levels of online and outbound service bookings in January and February 2026. Overall, the Group is using customer insight more effectively to support better decision-making and enhance the customer experience.

The Group continues to develop new CDP use cases, leveraging this platform to improve marketing effectiveness, optimise customer journeys and support better decision-making.

- **Finance Efficiency Through Automation**

The Group has made significant strides in automating finance and administrative processes, reinforcing our commitment to boosting productivity and driving down operating costs, whilst enhancing the quality and usefulness of its financial data.

Over the Year, we successfully introduced automated invoicing within Vertu Cosmetic Repair operations. This advancement now enables the automatic generation of around 21,500 sales ledger invoices each year, alongside seamlessly posting costs against more than 100,000 vehicle records annually. Not only does this system streamline the invoicing process, but it also manages the related intercompany payments without any manual intervention.

An enhanced Aftersales Dashboard has been rolled out across the Group's service departments. By integrating advanced payment technologies, including Open Banking, the dashboard has expanded the range of payment options available to customers. This move does not just enhance customer convenience but also results in notable transaction cost savings compared to traditional card processing methods.

Furthermore, the Aftersales Dashboard now automates the recording of nearly 500,000 receipt transactions into the Group's accounting system each year, virtually eliminating the need for manual data entry, reducing the risk of manual error and significantly improving operational efficiency.

Collectively, these automation initiatives have already produced substantial cost savings by reducing administrative workloads and transaction expenses. The Board remains confident that, as the Group continues to identify and implement further automation opportunities across the finance operations, this will unlock even greater control improvements, productivity gains and operational efficiencies.

Work has recently begun on using several AI tools to build an in-house "invoice to pay" system that will handle invoice recognition and authorisation. This initiative is expected to provide the next dimensional shift in the Group's finance function and will be delivered in FY27.

Group Strategy (continued)

Developing the scale of the Group

The Board continued to actively manage the Group's dealership and property portfolio with disciplined capital allocation and a focus on long term returns. Actions undertaken since 1 March 2025 reflect a strategy to reshape the Group's Manufacturer representation, expanding presence with fast growing new entrants, and enhance overall portfolio performance through both investment and rationalisation activities:

Franchising developments and new brand representation

During the Year, the Group advanced its strategy to strengthen representation with Chinese Manufacturers expected to gain share in the UK market:

- The Group commenced its presence with the Chinese brand, BYD, in the year ended 28 February 2025, with two outlets opening in Worcester and Gloucester. The Group continued to review further opportunities with the BYD franchise and as a result, opened three new BYD sales outlets in the Year. Hartlepool and Macclesfield opened in former Ford outlets and Morpeth opened alongside Ford and Honda. This increased the number of BYD outlets in the Group to five.
- The Group opened its first Geely outlet in Glasgow in February 2026, converting an existing freehold Ford dealership, with two further outlets now operating in Glasgow and Birmingham and with Teesside planned to open in FY27.
- The Group intends to introduce further Chinese brands such as Leapmotor, Jaecoo, Omoda, Lepas and Chery into the Group's portfolio in the coming months.

Other franchising activity during the Year included:

- The opening of a Nissan sales outlet in July 2025, in the Group's MotorNation site in Tamworth.
- The launch of the Skoda franchise in Nottingham in November 2025 in the Group's former Citroen sales outlet in the city.
- On 1 November 2025 the Group acquired from Marshalls Motor Company Limited, the trade and assets of Leicester Skoda for £0.6m, including a payment in respect of goodwill of £50k. The outlet continues to operate from leasehold premises acquired. This acquisition brought the total number of Skoda outlets operated by the Group to five. The Group now has a strong Skoda presence in the East Midlands covering Derby, Nottingham and Leicester.
- On 1 March 2025, the Group acquired The Union Motor Company Limited, an authorised repairer for London Electric Vehicle Company (LEVC) based in Edinburgh. Consideration for this acquisition was £0.4m (net of cash acquired), 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. The business has performed very well since acquisition and has been fully integrated into the Group.

Active Portfolio Management

Following a strategic review of returns, the Group decided to exit several businesses in the Year.

- The Group discontinued the Peugeot franchise from its Edinburgh dealership in May 2025; the location continues to operate the MG and Kia brands.
- In August 2025, the Group's final MotorNation used car sales outlet was closed. The outlet operated from a freehold site in Derby which also operates separate Nissan, Renault, Dacia, Peugeot and Skoda sales outlets. The closure improved the used car and aftersales capacity of the remaining franchised sales outlets on the site.
- In October 2025, the Group closed the Honda Motorcycles sales outlet in Nottingham. The site continues to represent the Honda Car franchise and an additional new franchise will be added in due course.

Group Strategy (continued)

Developing the scale of the Group (continued)

Active Portfolio Management (continued)

- In January 2026, the Group ceased Honda operations from Bradford, with the dealership becoming solus Kia and with an agreement to bring the Kia commercial vehicles (PBV) franchise to the Group for the first time.
- On 20 February 2026, the Group completed the sale of the Group's Honda dealership in Huddersfield to Riverside Motors, generating cash proceeds of £1.0m. This included a receipt in respect of goodwill of £0.4m and generated a profit on disposal compared to book value of £0.3m. The dealership was a leased property. This disposal was undertaken in coordination with the closure of Bradford Honda.
- Finally, in February 2026, the Group closed its Volvo and Peugeot sales outlets in Barnstaple and Launceston Peugeot. The freehold property at Barnstaple was very swiftly sold in March 2026 for £1.5m being £0.5m above book value. This profit will be treated as a non-underlying item in FY27 and again shows the conservative nature of Group property values stated as they are at depreciated historical cost.

Such active portfolio management has led to the Group generating surplus freehold properties for resale. On 1 March 2025 the Group held five surplus properties for resale, with a net book value of £7.9m. Disposals of four of these properties were completed in the financial year, generating total cash proceeds of £5.1m, 13% above net book value of the properties.

The sale of the final property, being surplus land held in Glasgow with residential planning permission, was exchanged during the Year; however, contractual completion, expected in March 2026 has not occurred. The Group is actively considering its legal options in relation to the transaction however, it is possible that the property will be remarketed for sale in FY27.

Strategic Positioning and Competitive Advantages

The Group's strategy is focused on building a resilient, scaled automotive retail platform capable of generating sustainable cashflows through market cycles. This Group is very well positioned to achieve this:

- Scale remains a core competitive advantage. The Group's national footprint supports investment in proprietary systems, data and digital capability that smaller operators cannot replicate. Platforms such as the Customer Data Platform, Vertu Insights (the Group's proprietary used vehicle pricing tool), the Group's internal vehicle auction and Vertu Transfer System (allowing the seamless transfer of vehicles between Group sites) enhance pricing discipline, inventory efficiency, marketing effectiveness and working capital management, while enabling rapid integration of acquisitions.
- The strength of the Group's aftersales operations further differentiates the business. A large vehicle parc, underpinned by service plans and Motability contracts, provides a recurring revenue base that stabilises earnings and cash generation when new vehicle profitability is under pressure.
- The Group has a strong cohort of management and colleagues aided by significant investment in training and development. Colleague engagement and satisfaction scores are at very high levels.
- Customer experience scores are significantly above sector averages and this is reflected in the Group being awarded in 2025 the Autotrader Retailer award for customer experience.
- The Vertu brand is now in place across the UK and gaining in brand awareness significantly in its first full year across the Group.

These attributes, combined with disciplined capital allocation and cost control, position the Group well to navigate ongoing structural change in the UK automotive market. The Group is ambitious to take advantage of opportunities that will arise.

Group Strategy (continued)

Current trading and outlook

March and April 2026 Trading (the 'Period')

The Board is pleased to report a strong trading performance for the Group during the first two months of the new financial year, including the plate change month of March. Trading profit for March and April 2026 was ahead of the prior year.

The UK new car market returned to growth in 2026, with private registrations increasing by 12.9% in March and April. Over 70% of this growth was driven by Chinese OEM registrations, with their market share rising to 11.5% from 3.5% in the prior year period. It is likely a portion of this growth is the conversion of previous used car customers into affordable new Chinese-made cars. Against this backdrop, the Group delivered like-for-like retail new vehicle volume growth of 6.5%. UK Motability registrations increased by 4.7%, reflecting weak comparatives and the timing of scheme change cycles. The Group delivered like-for-like Motability volume growth of 5.3% growing market share. Gross profit per unit on new retail and Motability vehicles in the Core Group was slightly below the prior year. Nevertheless, the increase in volumes drove an improvement in Core Group profit from new vehicle retail and Motability sales of £1.0m year-on-year.

The Group's Fleet car operation delivered volume growth of 32.0%, significantly outperforming the wider UK fleet car market, which grew by 10.7% in the Period. Core Group commercial vehicle volumes increased by 8.5%, despite a 0.5% decline in UK light commercial vehicle registrations, resulting in market share gains. Notwithstanding this volume outperformance, Core Group gross profit in the fleet and commercial department declined by £0.4m year-on-year due to reduced margins of 4.6% (prior year period: 5.3%) arising from the mix of sales delivered.

The UK used vehicle market remained stable, with consistent consumer demand and pricing. The Group experienced a modest like-for-like decline in used vehicle volumes of 0.2%, partly reflecting customer migration into new car purchases due to enhanced Manufacturer offers on new vehicles. Used vehicle gross margins were stable; consequently, Core Group used vehicle gross profit was £0.3m below the prior year.

The Group's resilient, high margin aftersales channels delivered a strong like-for-like gross profit increase of £2.9m year-on-year. Core Group service revenues increased by 4.5%, reflecting an additional working day compared to the prior year period, strong customer retention, good technician availability and effective operational execution.

Core Group operating expenses were broadly flat year-on-year, with cost savings delivered through restructuring programmes offsetting inflationary pressures. The cash payment in respect of business interruption insurance settlement was received in May.

Outlook

The Board is encouraged by the Group's strong start to FY27, which supports confidence in delivering market expectations for the financial year despite continued sector and macro-economic headwinds.

Manufacturers of new vehicles in the UK continue to face a challenging task in managing volumes and powertrain mix as the ZEV mandates accelerate ahead of underlying demand for BEVs, both car and vans. Elevated discounting and incentive activity remain necessary to drive compliance, placing sustained pressure on industry profitability. These distortions are expected to intensify in the year ahead, with ongoing implications for volumes, margins and channel mix.

In addition, the Board continues to monitor geopolitical developments, including the impact of the prolonged conflict in the Middle East. The disruption to global energy supply has the potential to drive fuel price volatility, and further pressure consumer confidence, disposable income and vehicle demand. In this context, the Deloitte Consumer Tracker published in mid-April showed overall UK consumer confidence has fallen to its lowest level since 2023. Notwithstanding this, no material adverse consumer trends are as yet visible in the Group's trading. BEV and hybrid vehicles are showing higher interest from customers as expected with higher fuel prices. The Group is impacted by higher oil prices in terms of oil sold to customers (which the Group intends to seek to pass on to customers) and fuel and energy costs. Whilst the latter is substantially hedged for FY27, overall exposure at current energy and fuel prices is c. £1m.

Group Strategy (continued)

Current trading and outlook (continued)

Outlook (continued)

The Group will continue to control the controllables and has responded proactively to those headwinds where possible. Aftersales continues to deliver resilient revenue and profit growth, while a new strategic initiative has been launched within the used vehicle business in April, focused on retailing vehicles in the 7–14-year-old segment. This initiative targets the strongest area of current UK used car demand and leverages the Vertu brand, distribution capability and data-led pricing expertise to enhance volumes and margins.

In addition, following the successful delivery of cost savings actions implemented after the Autumn 2024 Budget to offset material wage cost pressures, the Group initiated a further £10m cost efficiency programme ahead of the new financial year. This programme included continued productivity improvements, increased use of AI-enabled technology, reduced planned marketing expenditure following the April 2025 rebrand and further headcount rationalisation.

The Group remains focused on navigating this period of structural adjustment in the sector, where consumer and business confidence remains subdued and Government intervention continues to shape market dynamics. As one of the largest and most scaled operators in the UK automotive retail sector, the Group is well positioned to benefit from scale advantages and disciplined execution. The long-term fundamentals of the Group's business remain intact. The Group continues to execute its strategy and is well placed to capitalise on opportunities that emerge during this period of market adjustment, supported by a strong financial position and a proven track record of delivery.

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)	FY26 – Underlying EPS of 5.71p FY25 – Underlying EPS of 6.58p	1 2 3 4 5 6 7 8 9 10 11 12 13 14
	Underlying PBT	Profit before tax and non-underlying items	FY26 – Underlying PBT £24.5m FY25 – Underlying PBT £29.3m	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

	KPI	Definition	Performance	Risk Factor Link
Strategic / Operational KPIs	Like-for-Like Used Volume growth	Number of used vehicles sold in dealerships with comparable trading periods in two consecutive years	FY26 – growth of 0.3% FY25 – growth of 0.7%	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 FY26 – growth of 2.1% FY25 – decline of 3.9% UK private registrations FY26 – growth of 5.3% FY25 – decline of 7.4%	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	FY26 – growth of 3.0% FY25 – growth of 6.3%	2 6 8 9
	Online Growth	Website visits to all Group trading websites	FY26 – unique users 8.8m FY25 – unique users 9.2m	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	88% Net promoter score (FY25 – 86%)	4 7 8 9

Financial Review

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

	FY26 £'m	FY25 £'m	Variance %
Revenue	4,833.8	4,763.9	1.5%
Gross profit	540.0	532.9	1.3%
<i>Gross margin</i>	<i>11.2%</i>	<i>11.2%</i>	<i>-</i>
Underlying operating expenses	(493.5)	(480.5)	(2.7%)
<i>Operating expenses as a percentage of revenue</i>	<i>(10.2%)</i>	<i>(10.1%)</i>	<i>(0.1%)</i>
Adjusted operating profit	46.5	52.4	(11.3%)
Net finance charges	(22.0)	(23.1)	4.8%
Adjusted profit before tax	24.5	29.3	(16.4%)
Non-underlying items ⁸	(4.2)	(4.5)	6.7%
Profit before tax	20.3	24.8	(18.1%)
Taxation	(5.6)	(6.6)	15.2%
Profit after tax	14.7	18.2	(19.2%)

⁸ Non-underlying items represent impairment charges, reorganisation costs and other non-underlying items

The Group generated an adjusted profit before tax of £24.5m (FY25: £29.3m). Underlying operating profitability declined due to the continued impact of the Zero Emission Vehicle ('ZEV') mandate on new vehicle volumes and margins and the impact of the cyber-attack on JLR in the second half of the Year with its consequent disruption of the Group's Land Rover operations. Gross profit losses from the impact of this cyber-attack amounted to approximately £3.9m, which have been mostly mitigated by the recognition of £3.4m settlement from insurers within other operating expenses (other income).

Revenue was £4.8 billion, growing 1.5% compared to the prior year. Acquisitions completed after 1 March 2024 contributed additional revenue of £154.5m, £112.4m of this revenue growth from acquisitions is attributed to the acquisition of Burrows Motor Company Limited, completed on 29 October 2024. Dealerships disposed of or closed in the Year resulted in a £53.3m reduction in revenue.

Revenue in the Core Group decreased by £31.3m (0.7%) driven in part by the move to agency arrangements in the Group's MINI and Honda franchises during the Year. Under such agreements, the vehicle is invoiced direct to the customer by the Manufacturer and revenue in the dealership represents a handling fee for the transaction. This change reduced Group new vehicle turnover by approximately £70.0m for the Year. Excluding this agency effect, new vehicle margins would have fallen year-on-year by 0.4%, driven by increased Manufacturer discounting and reduced support in a highly pressured retail market. Overall, Core Group new vehicle revenue fell by £113.0m, reflecting the move to agency described above, a decline in Motability volumes delivered and a 1% reduction in the average selling price of new vehicles by the Group reflecting lower van sales.

Operating expenses increased as a percentage of revenue during the Year, reflecting the reduction in reported new vehicle revenue arising from the move to agency arrangements. Excluding the impact of new agency arrangements on revenue, total Group operating expenses would have remained stable as a percentage of revenue year on year. This demonstrates continued cost discipline across the Core Group, notwithstanding undoubted inflationary pressures, including those unavoidable increases, driven by Minimum Wage legislation and increases in Employer's National Insurance costs.

Net finance charges fell compared to last year as Manufacturer new vehicle stocking charges reduced as a result of lower interest rates.

Non-underlying costs of £5.1m arose as a result of dealership closures, impairment charges and restructuring costs to reduce the cost base of the Group. This is offset by £0.9m of exceptional income relating to profit on disposal of surplus freehold properties and disposal of a business.

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		
	FY26 £'m	FY25 £'m	Variance £'m	FY26 £'m	FY25 £'m	Variance £'m
Revenue						
New	1,375.9	1,439.9	(64.0)	1,281.3	1,394.3	(113.0)
Fleet & Commercial	1,094.0	1,054.8	39.2	1,088.1	1,050.4	37.7
Used	1,929.8	1,851.4	78.4	1,774.2	1,742.5	31.7
Aftersales	434.1	417.8	16.3	408.4	396.1	12.3
Total Group Revenue	4,833.8	4,763.9	69.9	4,552.0	4,583.3	(31.3)
Gross Profit						
New	105.0	110.2	(5.2)	98.2	106.9	(8.7)
Fleet & Commercial	52.2	55.7	(3.5)	51.3	55.5	(4.2)
Used	132.6	130.9	1.7	125.0	124.8	0.2
Aftersales	250.2	236.1	14.1	234.0	225.6	8.4
Total Gross Profit	540.0	532.9	7.1	508.5	512.8	(4.3)
Gross Margin						
New	7.6%	7.7%	(0.1%)	7.7%	7.7%	-
Fleet & Commercial	4.8%	5.3%	(0.5%)	4.7%	5.3%	(0.6%)
Used	6.9%	7.1%	(0.2%)	7.0%	7.2%	(0.2%)
Aftersales ⁹	44.4%	43.7%	0.7%	44.2%	43.9%	0.3%
Total Gross Margin	11.2%	11.2%	-	11.2%	11.2%	-

⁹ 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			%
	FY26	FY25	Variance		FY26	FY25	Variance	
Used retail vehicles	91,287	88,851	2.7%	83,860	83,622	0.3%		
Direct new retail cars	33,752	32,938	2.5%	30,614	31,001	(1.2%)		
Agency new retail cars	4,068	2,846	42.9%	3,825	2,733	40.0%		
Total new retail cars	37,820	35,784	5.7%	34,439	33,734	2.1%		
Motability cars	16,901	19,693	(14.2%)	15,737	18,867	(16.6%)		
Direct fleet cars	24,183	19,460	24.3%	23,202	18,201	27.5%		
Agency fleet cars	9,237	9,075	1.8%	9,446	8,794	7.4%		
Total fleet cars	33,420	28,535	17.1%	32,648	26,995	20.9%		
Commercial vehicles	16,172	16,652	(2.9%)	15,470	17,217	(10.1%)		
Total New vehicles	104,313	100,664	3.6%	98,294	96,813	1.5%		
Total vehicles	195,600	189,515	3.2%	182,154	180,435	1.0%		

	UK Market year-on-year change ¹⁰	Group year-on-year change v UK market ¹¹
New Retail Car	5.3%	(3.2%)
Motability Car	(17.8%)	1.2%
Fleet Car	12.7%	8.2%
Commercial	(8.6%)	(1.5%)

¹⁰ Source SMMT

¹¹ Represents the year-on-year variance of like-for-like Group volumes compared to the UK trends reported by SMMT

Financial Review (continued)

New retail cars and Motability sales

Overall, the UK new car market in 2025 remained heavily shaped by regulatory intervention, significant Manufacturer subsidies of BEV product and shifting brand dynamics, particularly the accelerated growth of new Chinese entrants. While headline UK registration volumes improved, underlying industry profitability remained under pressure.

For the first time since the pandemic, UK new car registrations exceeded 2 million units in the 12 months to 31 December 2025. Nevertheless, volumes remained around 12% below pre Covid levels and the market continued to shift towards lower margin fleet channels. Headline growth was supported by increased registrations from new Chinese brands and elevated pre registrations, which flow through the used car channel rather than the Group's new retail performance. Against this backdrop, the Group delivered like for like new retail volume growth of 2.1% in the year to 28 February 2026, compared with 5.3% growth in UK private registrations. Total Group market share of the new retail market remained stable at 4.8% (FY25: 4.8%).

Motability volumes declined sharply during the Year, with UK market registrations falling 17.8% in the year ended 28 February 2026, driven by renewal timing within the three-year replacement cycle and a reduced appetite among several Manufacturers for this higher-cost channel. The Group saw a similar year-on-year reduction in like-for-like Motability volumes of 16.6%. Total Group market share in this channel improved to 5.8% (FY25: 5.6%). The volume decline improved in H2, falling 8.2%, an improvement on the 19.2% decline in H1.

Within the overall new retail volumes, the Group again increased its market share of the BEV retail car market. The Group's like-for-like BEV sales increased 71.0% compared to FY25. This compares to a 50.2% increase in UK private BEV registrations over the same period. The Group has consistently grown retail BEV sales ahead of the market for a prolonged period, gaining market share in this critical area and helping the Manufacturers to reduce the gap to their ZEV mandate targets.

The Group saw an £8.7m reduction (FY25: £10.9m reduction) in Core Group new car gross profit generation in the Year compared to FY25. A modest £0.1m reduction in gross profit arose from the impact of the JLR cyber-attack, with production coming back on stream quicker than originally expected.

The new car gross profit reduction marks the second consecutive year of material declines and reflected the combined impact of reduced Motability volumes and weaker margins. The Group delivered broadly stable new vehicle margin percentages, aided by the introduction of agency arrangements in more franchises (MINI and Honda), which reduce reported revenues and enhance percentage margins. Excluding the impact of the transition to agency, percentage margin reductions would have been more pronounced, reflective of the weaker market conditions.

Fleet & Commercial vehicles sales

In 2025, the UK new car market growth was achieved largely because of a growth in fleet sales. BEV vehicle sales saw strong growth in the fleet channel, as corporate sales remain the main driver of BEV adoption because of tax incentives for corporate users, the growth of salary sacrifice schemes and increase in personal leasing via the broker channel. Registration volumes in the UK car fleet market (excluding Motability) have consequently grown 12.7% year-on-year compared to FY25.

Like-for-like, the Group delivered over 32,000 fleet cars in the Year, representing an increase of 20.9% compared to FY25. The Group therefore outperformed the wider market trend, reflecting the strength of the Group's fleet operations. Total Group market share of the fleet car market was 3.7% (FY25: 3.5%). This performance was driven through increased contract hire supply by the Group including through the broker channel. The Group does not typically engage in fleet supply through the low margin daily rental channel which also saw strong UK growth.

The Group's like-for-like sales of new commercial vehicles declined by 10.1% over the Year. This performance slightly lagged the market decline of 8.6%. The Group's total market share of the LCV market was stable at 5.1% (FY25: 5.1%).

Financial Review (continued)

Fleet & Commercial vehicles sales (continued)

Overall, the Group saw a £4.2m reduction in gross profit generation from its Core Group combined fleet and commercial operations. Like-for-like fleet and commercial volumes increased 8.8% and almost 50,000 vehicles were sold by the Group in this channel. An average selling price in the Core Group of £28,592 (FY25: £29,840) reflected a shift in mix from van sales to more passenger cars. Gross profit per unit earned on fleet and commercial vehicle sales remained strong at over £1,000 per unit, however, this represented a reduction of almost £200 per unit in the Core Group compared to last year. This decrease is reflective of both the reduced mix of commercial vehicle sales and the pressure on the market in terms of electrification and Manufacturer discounting of vehicles. The JLR cyber-attack also disrupted fleet vehicle supply in the second half, such that £1.3m of the reduction in Core Group gross profit in this channel relates to lower volumes of this higher margin premium fleet supply channel.

Used retail vehicle sales

The UK used vehicle market remained resilient, albeit with uneven demand by age segment. The Group maintained strong inventory management, high stock turn and disciplined pricing powered by the Group's Vertu Insights platform. Like-for-like used vehicle volumes were broadly flat, while gross profit per unit reduced slightly year-on-year, reflecting both the increase in charges from the Group's service departments in preparing vehicles for sale and some margin erosion, particularly in younger used cars which were impacted by discounting in the new vehicle channel.

Core Group gross profit from the sale of used vehicles totalled £125.0m for the Year, representing a £0.2m increase year-on-year. Like-for-like volume growth was delivered; however, retained gross profit declined slightly due to reduced margins. During the Year, the Group increased the internal labour rate charged by the service department to the vehicle sales departments for the preparation of vehicles for sale, reflecting higher underlying cost pressures in the aftersales area. This change increased aftersales profitability by approximately £4.3m, with much of the benefit reflected as an increased cost of sale within the used vehicle department. The JLR cyber-attack also had a direct impact on used vehicle profitability, resulting in a £1.7m loss of gross profit in the used vehicle department in the Group's JLR dealerships compared to normalised levels.

Group like-for-like used vehicle volumes grew 0.3% over the Year, with gross profit per unit of £1,501 achieved (FY25: £1,508). Gross margin achieved in the Core Group used vehicle department was 7.0% which was similar to last year's level of 7.2%.

Aftersales

The Group's aftersales operations are a major contributor to Group profit generating over 46% 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	Parts	Accident & Smart Repair	Fuel Forecourt	Total
	£'m	£'m	£'m	£'m	£'m
Revenue ¹²	213.6	276.6	29.5	10.0	529.7
Revenue ¹² change	7.6	9.3	(0.3)	(1.0)	15.6
Revenue ¹² change (%)	3.7	3.5	(1.0)	(9.0)	3.0
Gross profit	156.8	57.7	18.7	0.8	234.0
Gross profit change	7.2	0.8	0.4	-	8.4
Gross margin ¹³ FY26 (%)	73.4	20.9	63.3	9.0	44.2
Gross margin ¹³ FY25 (%)	72.6	21.3	61.2	8.2	43.9
Margin change (%)	0.8	(0.4)	2.1	0.8	0.3

¹² includes internal and external revenues

¹³ Aftersales margin expressed on internal and external revenues

Financial Review (continued)

Aftersales (continued)

- *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's service plan and Motability customer databases create significant resilience to future aftersales revenue streams.

As noted above, in March 2025 the Group increased its internal preparation rates which are charged to the vehicle sales departments, to better reflect the upward pressure on costs since the prior year. This led to approximately £4.3m of additional labour gross profit in the Core Group service department which has been absorbed by the vehicle sales departments, predominantly the used vehicle department. This represents 60% of the increase in like-for-like service gross profit.

The Group's Pay Later solution, which allows service customers to defer payments interest-free for up to five months on repair work identified, continued to deliver strong growth and enhance aftersales performance. Uptake increased significantly year-on-year, with the number of plans rising 73.2%, from approximately 19,400 in FY25 to 33,600 in FY26. This flexible payment option encourages more customers to approve essential repairs identified through the Group's Vehicle Health Check (VHC) process, which provides a thorough inspection of each vehicle, supported by technician video and a priced quotation that can be authorised remotely through digitalisation. The success of the use of this product contributed to record-high average invoice values in service of £360 (FY25: £335) during the Year. The balance due from customers at 28 February 2026 was £4.6m (FY25: £4.0m) and bad debt experience on this product has, to date, remained negligible.

Reflecting the trends set out above, like-for-like service revenue growth of £7.6m (3.7%) was delivered in the Year. Gross margin percentages on vehicle servicing increased to 73.4% (FY25: 72.6%) in the Core Group. Gross profit generation rose on a like-for-like basis by £7.2m in service reflecting both the increase in aftersales revenues, aided by increase in internal rates and improvement in margin achieved. This was partially offset by disruption from the JLR cyber-attack in the second half, which reduced service profit by £0.8m year-on-year.

- *Parts*

The Group's extensive parts operations encompass traditional wholesale activities, agency distribution centres, online parts retailing, and accessory sales to dealership customers. These operations also supply parts to the Group's service and accident repair businesses. Whilst the JLR cyber-attack disrupted parts supply in the short term, supply resumed quickly and revenues recovered, such that there was no material impact on parts profitability in the Year as a whole. The Core Group grew parts revenue by £9.3m year-on-year to £276.6m, driven by a growth in wholesale parts sales. This led to a £0.8m increase in gross profit generation in the Core Group's parts departments. Margins declined slightly to 20.9% in the Year (FY25: 21.3%) because of a shift in sales mix towards the lower margin wholesale activity as the Group was successful in winning a number of large contracts.

- *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. Accident Repair Centre performance during the year was impacted by lower activity levels, driven by significantly reduced UK accident volumes. This is likely linked to the growth of in car technology to aid the driver and reduce crash impacts. Strong margin retention helped to offset some of the impacts of the reduction in volume of repairs.

Financial Review (continued)

Aftersales (continued)

- *Accident and Smart Repair (continued)*

Within this segment the Group also operates cosmetic repair operations, serving the dealerships in preparing used vehicles cosmetically for resale with 115 vans for internal use. Vertu Repair Master, the retail facing part of the Group's cosmetic repair business, continued to develop during the year. The Group now operates 20 mobile repair vans nearly doubling capacity in the Year. Performance reflects the early-stage growth profile of this new operation. Activity increased as customer awareness and corporate relationships expanded, although profitability remained modest as the business invested in technician capacity and operating infrastructure. Vertu Repair Master is expected to contribute more meaningfully as scale and utilisation improve.

Overall, like-for-like gross profit generated from the Group's accident and smart repair businesses grew by £0.4m compared to last year.

- *Fuel Forecourt*

One fuel forecourt was operated by the Core Group in FY26, in Widnes, Cheshire. As a result of the tempering of fuel prices, this forecourt saw reduced revenues but improved margins of 9.0% in the Year (FY25: 8.2%). Overall, gross profit was level compared to the previous year.

Operating Expenses

A summary of Group operating expenses is set out below:

	FY26	FY25	FY26 variance to FY25	
	£'m	£'m	£'m	%
Salary costs	261.9	258.1	3.8	1.5%
Property costs and depreciation	57.1	55.3	1.8	3.3%
Vehicle and valeting costs	52.2	56.1	(3.9)	(7.0%)
Marketing costs	37.4	33.8	3.6	10.7%
Other (including IT)	48.2	49.6	(1.4)	(2.8%)
Share based payments and amortisation	3.7	2.7	1.0	37.0%
	460.5	455.6	4.9	1.1%
Insurance receipt in respect of JLR cyber-attack	(3.4)	-	(3.4)	-
Core Group operating expenses	457.1	455.6	1.5	0.3%
Core Group operating expenses as a % of Core Group revenues	10.0%	9.9%		0.1%
Acquisitions and start-up operations	28.3	10.3	18.0	
Disposals	8.1	14.6	(6.5)	
Group net underlying operating expenses	493.5	480.5	13.0	2.7%
Underlying operating expenses as a % of revenue	10.2%	10.1%		0.1%

Reported underlying operating expenses of £493.5m increased by 2.7% (£13.0m) compared to the year ended 28 February 2025. Dealerships acquired, started up, or sold in the period since 1 March 2023 generated a net £11.5m of this increase. Underlying Core Group operating expenses, excluding the JLR insurance receipt, grew by just 1.1% compared to last year, despite inflationary pressures in the UK economy including Minimum Wage increases and the significant rise in Employer's National Insurance which impacted the Group from 1 April 2025. This reflected a major focus on costs that could be controlled by the Group and the benefit of the cost reduction programmes delivered at the ends of FY25 and FY26.

The largest operating cost of the Group is salary costs, which have increased by just £3.8m (1.5%) 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 rise in the Employer's National Insurance cost in April 2025 led to additional costs of £6.5m in the Core Group compared to prior year. The proactive actions that the Group took to mitigate such non-discretionary significant cost increase is apparent in the more modest increase in salary costs overall.

Financial Review (continued)

Operating Expenses (continued)

The cost of the Core Group's demonstrator and courtesy vehicle fleet reduced in the Year, reflecting tighter controls over demonstrator vehicles ensuring achievement of minimum demonstrator requirements for our Manufacturers and optimising our courtesy vehicle fleet to ensure the lowest cost options have been used where practical. In parallel, valet costs were significantly reduced, following the successful extension of a trial to charge service customers for vehicle wash and vacuum services in the Group's volume dealerships when customers visited for a service. Customer opt out rates increased materially under this approach, delivering a meaningful reduction in costs. The Group has seen no significant change in customer satisfaction levels because of this change and as such the programme has been rolled out to all of the Group's volume dealerships from 1 March 2026.

Property costs in the Core Group increased as a result of the growth in business rates. Business rates remain a significant cost to the Group, with costs in the Core Group of £17.4m in FY26, compared to £15.7m in FY25. This cost increased as anticipated, as several refunds had been received in FY25 following successful rating appeals and the level of rates refunds received in FY26 was lower.

Other costs have decreased by £1.4m (2.8%) year-on-year reflecting the Group's sharp focus on all aspects of its cost base in the Period. This includes a reduction in energy costs due to the Group's effective buying strategy and use of self-generated solar powered energy. Solar power is now in place at 52 locations. The Group continues to assess other energy saving measures such as building energy management systems and early indications from pilots is that investment in this area may deliver further substantial energy savings. The Group's buying strategy on energy ensures that approximately 80% of energy purchases for FY27 have already been purchased at pre-February 2026 prices so limiting the impact of an energy crisis in the near term.

Core Group marketing costs increased by £3.6m in the Year, reflecting targeted investment to support the transition to operating under a single retail brand, Vertu, from April 2025. This included increased brand awareness activity to establish the Vertu brand nationally, alongside the delivery of three Group-wide sales events during the Year, comprising two used vehicle events and, for the first time, a Group-wide new vehicle event. These initiatives drove higher marketing expenditure in the Year but were undertaken with a clear focus on return on investment and supported Group sales volumes. The New car event in February supported by TV marketing was a major success and helped to underpin a successful March result in 2026. UK Vertu brand awareness rose from 14% to 19% in the Year.

The settlement of £3.4m, in respect of the Group's insurance claim around the losses incurred as a result of the JLR cyber-attack has been reflected in other operating expenses in the Year. The cash in respect of this settlement was received subsequent to the Year end.

Non-underlying operating expenses

	FY26 £'m	FY25 £'m	FY26 Var to FY25 £'m	Anticipated annual cost saving in FY27 £'m
Redundancy costs	1.9	2.8	(0.9)	7.0
Impairment charges	1.4	0.5	0.9	-
Dealership closure costs	1.1	0.1	1.0	0.4
Property remediation provision	0.7	-	0.7	-
Rebrand costs	-	0.8	(0.8)	1.2
Acquisition fees	-	0.3	(0.3)	-
Non-underlying operating expenses	5.1	4.5	0.6	8.6
Profit on sale of properties and businesses	(0.9)	-	(0.9)	-
Net non-underlying operating expenses	4.2	4.5	(0.3)	-
<i>Other cost savings</i>				1.4
				10.0

Financial Review (continued)

Non-underlying operating expenses (continued)

Non-underlying operating expenses in FY26 comprised £1.9m of redundancy and headcount rationalisation costs as the Group again sought to reduce its cost base, reflecting a reduction of approximately 280 colleagues in late FY26, supported partly by increased productivity through continued technology deployment. These changes were made with the aim that gross profit generation and customer experience levels were not compromised. This recent headcount change follows a similar reduction of approximately 290 colleagues undertaken in FY25 following the changes to the Minimum Wage and Employer's National Insurance contributions in the October 2024 Autumn budget. Annual net cost savings of £7.0m are anticipated as a result of these headcount reductions.

The Group also incurred £1.1m of dealership closure costs as it exited certain dealership operations as part of its ongoing programme to prune locations with lower than required returns. Net annual savings of £0.4m will arise as a result of these closures in avoided trading losses. These actions also generated positive cash inflows of £6.2m in the Year through property disposals and release of working capital.

£1.4m of impairment charges were recognised, including a goodwill write-off of £0.6m in respect of the Group's Motorrad bike businesses where performance has been below required return levels. A strategy has been formulated to increase returns from these operations going forward. In addition, impairments of property and right-of-use assets in locations where franchise representation has changed have arisen.

A £0.7m provision was recognised for property repair following a significant failure of the roof at one dealership, with expert reports obtained in the Year and the estimated cost of remediation provided for. The Board is evaluating whether a legal claim can be undertaken in respect of this.

Finally, the Group recognised £0.3m of exceptional income on the disposal of the trade and assets of Huddersfield Honda in February 2026. A further £0.6m has been generated in profits from the sale of surplus properties in the year and this has been classified as non-underlying.

Savings of £1.2m are anticipated in FY27 as a result of the Group's move to a single brand as efficiency gains and reduced marketing expenses arise. Additional savings of £1.4m are expected following the successful negotiation of Group supply contract renewals, the benefit of additional solar panel installations in several of the Group's dealership portfolio and reduced vehicle cleaning costs as charging for service wash and vacuum is rolled out across the Group's volume dealerships.

In total, £10m of cost benefits are expected in FY27 compared to FY26.

Net Finance Charges

Net finance charges are analysed below:

	FY26 £'m	FY25 £'m	FY26 Var to FY25 £'m
New vehicle Manufacturer stocking interest	8.9	9.1	(0.2)
Mortgage interest	5.4	6.2	(0.8)
Interest on bank borrowings	4.1	4.1	-
Used vehicle stock funding interest	0.4	0.7	(0.3)
Interest on lease liabilities	4.5	4.1	0.4
Interest income	(1.3)	(1.1)	(0.2)
Net Finance Charges	22.0	23.1	(1.1)

The Group saw a small reduction in interest charged by Manufacturers on funded new vehicle inventory. Total Group new vehicle stock as at 28 February 2026 was £579m (2025: £577m), including the impact of acquisitions. Reduced interest rates provided the favourable year-on-year variances in interest costs.

Mortgage interest has fallen as the capital amount outstanding has reduced as scheduled repayments are made.

Financial Review (continued)

Net Finance Charges (continued)

To minimise the interest rate risk to the Group, derivative contracts have been entered into. An interest rate swap over £30m of the Group's Revolving Credit Facility borrowing fixes the underlying SONIA rate charged at 3.82%. The largest of the Group's mortgages with BMW Financial Services with a balance at 28 February 2026 of £63.3m operates on a fixed all-in rate of 7.03%.

Interest on lease liabilities increased year-on-year, as newer leases, lease extensions and the acquisition of leasehold dealerships are 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.

Pension Costs

The Group operates a closed defined benefit pension scheme. The latest actuarial valuation, carried out as at 5 April 2024, confirmed that the scheme was in a funding surplus of £2.0m. Accordingly, no contributions are required from the Company in respect of accrued benefits, with scheme expenses met from scheme assets. No contribution payments are expected for the accounting period beginning 1 March 2026.

The scheme invests in an asset portfolio designed to fully hedge interest rate and inflation risks, supporting the maintenance of its fully funded position. On an accounting valuation basis, the scheme remained in surplus during the Year. A small reduction in the surplus arose, reflecting experience movements that were less favourable than previously assumed. Overall, a net actuarial loss of £0.3m was recognised in the Statement of Comprehensive Income for the Year. The accounting surplus decreased to £3.6m as at 28 February 2026 (2025: £3.9m).

Tax Payments

The Group's underlying effective rate of tax for the Year was 26.2% (FY25: 25.8%). The overall effective tax rate, increased to 27.8% (FY25: 26.9%) as a result of an increase in non-qualifying depreciation. The total tax charge for the Year reduced to £5.6m (FY25: £6.6m). 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 £30.7m (FY25: £37.3m) was generated in the Year:

	FY26	FY25
	£'m	£'m
Operating profit	42.3	47.8
Depreciation, amortisation, share based payments & other	44.4	40.2
Movement in working capital	1.3	7.0
Interest and tax payments	(27.3)	(28.4)
Net Cash Inflow from operating activities	60.7	66.6
Sustaining capital expenditure	(13.0)	(14.9)
Proceeds from sale of property, plant and equipment	5.3	5.6
Lease principal repayments	(22.3)	(20.0)
Free Cash Flow	30.7	37.3

Net cash inflow from operating activities of £60.7m was delivered with a minimal movement in working capital, an inflow of £1.3m (FY25: £7.0m). The working capital movement included an outflow of £8.0m in respect of an increase in used vehicle inventory, a further outflow of approximately £5.0m in respect of customer deposits for vehicles, with part of this reduction related to the move to the Agency model in some franchises. These outflows were more than offset by an inflow in respect of trade receivables reflecting the timing of fleet customer receipts.

Financial Review (continued)

Financing and Capital Structure

The Group has a balance sheet with shareholders' funds of £357.5m (2025: £357.6m) underpinned by a freehold and long leasehold portfolio of £327.1m (2025: £330.9m) and net debt (excluding lease liabilities) of £61.3m as at 28 February 2026. The Group's conservative financing and capital structure resulted in a strong tangible net assets position of £235.1m as at 28 February 2026, representing 75.9p per share.

The Group has a committed acquisition debt facility of £93m, expiring in December 2027, of which £56m was drawn at 28 February 2026, leaving £37m undrawn. The Group operated comfortably within all applicable covenants during the Year. The Board intends to refinance the revolving credit facility in the summer of 2026, well in advance of maturity, to enhance flexibility around the permitted uses of the facility. Lenders have confirmed their appetite to continue to support the Group and good progress has been made to date in discussions.

The Group also has long-term debt funding in the form of 20-year amortising mortgages, with no financial covenants applicable, totalling £77.1m (FY25: £77.1m) provided by BMW Financial Services, together with a further 10-year mortgage of £7.5m (FY25: £7.5m) from Toyota Financial Services. These facilities have combined annual capital repayments 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 2026 and 2025, no amounts were drawn. The Group has a £70.0m facility under these arrangements and held £174.3m of unencumbered used vehicle inventory at 28 February 2026. Stocking loans on used vehicles by third party banks are classified as debt by the Group if they arise.

Capital Allocation

Capital allocation remains central to the Board's decision-making. The Board is committed to maintaining a conservative and resilient funding structure, while selectively deploying the Group's debt facilities to support organic investment and acquisitions that meet disciplined return metrics.

Cash returns to shareholders remain a core priority of the Board's capital allocation framework. The Group's dividend policy is to target dividend cover compared to adjusted diluted earnings per share of 2.5 to 3.5 times.

An interim dividend of 0.90p per share was paid in January 2026. The Board recommends a final dividend in respect of the year ended 28 February 2026 of 1.15p per share to be approved at the Annual General Meeting on 24 June 2026. This dividend will be paid, subject to shareholder approval, on 24 July 2026. The ex-dividend date will be 25 June 2026 and the associated record date 26 June 2026. This final dividend brings the total dividend in respect of FY26 to 2.05p per share (FY25: 2.05p). Against adjusted, fully diluted EPS of 5.30p, the total dividend for the year is covered 2.6 times.

During the Year, the Group purchased 17.4m shares for cancellation, representing 5.3% of opening issued share capital, at a cost of £10.6m. The Board considers the Company's shares to be materially undervalued relative to intrinsic value and tangible net asset value per share and continues to deploy capital through share buybacks where this creates long term value for shareholders. Since the commencement of the buyback programme in October 2018, and up to 10 March 2026, the Group has reduced its issued share capital by 21.4%. In March 2026, the Board announced a further £12.0m share buyback programme running to 28 February 2027.

At 28 February 2026, the Group held 2.7m 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. Subsequent to 28 February 2026 and to 30 April 2026 4.3m shares have been purchased into the EBT for £2.6m.

The Group spent £2.5m on acquisitions during the Year, invested £2.1m in new build locations or land and building purchases, and incurred £3.2m 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 a net £13.0m (FY25: £19.2m) on asset additions in FY26. Proceeds of £5.3m (FY25: £5.6m) in respect of sale of surplus properties and assets have been offset from expenditure in these net numbers. Expenditure included the £5.3m of non-sustaining 'expansion capital expenditure' referenced above. The balance of £7.7m is considered sustaining capital expenditure. For FY27, sustaining capital expenditure is anticipated to be approximately £16.0m, which includes some redevelopment projects to meet revised Manufacturer standards which do not necessarily increase Group capacity. A further £3.6m of expenditure is currently anticipated in respect of expansion capital expenditure. The introduction of new franchises to the Group in FY27 will increase FY27 expansion capex above the £3.6m with costs currently being assessed by the Group. Updates to shareholders will be made when the capital expenditure and trading impact of new franchises is finalised.

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.		46-47
	(b) A description of how the company identifies, assesses, and manages climate-related risks and opportunities.		46-47
	(c) A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management process.		46-47
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.		52
	(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.		52
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 46-47.

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's 'Driving Sustainability' strategy is based around three strategic sustainability goals:

1. Work with our Manufacturer partners to provide increasingly sustainable choices for customers
2. Reduce the environmental footprint 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



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

Goals

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

Link to SDG



**Reduce the environmental
footprint of our business**

Goals

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

Link to SDG



**Care for our colleagues
and support our
communities**

Goals

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

Link to SDG



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 71.0% in FY26. This was ahead of the growth of BEV registrations in the UK of 50.2%. 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 FY26.

The Group's War on Waste 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 7.5% of the Group's total electricity requirements in FY26 and a further investment of £0.8m was made in the installation of panels in 12 additional Group locations towards the end of the financial year. Energy usage data and expertise continue 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. This continued focus saw the Group's ADU (average daily usage) on Gas and Electricity reduce by 8% and 3% YOY respectively.

The Group has a commitment to renewable energy procurement and during FY26 99% of energy purchased directly from the grid came from Certified Renewable Green (2025: 100%), where sources of generation are deemed clean (i.e. wind, solar or hydro plants).

The carbon intensity of the Group's operations has seen an overall 5.08% decrease year-on-year (2025: 8.44%).

The Group recycled 74% of its dry waste on site in FY26 (2025: 71%).

Care for our colleagues and support our communities



In the annual survey of all Group colleagues, 85% of respondents agreed that the Group is a great place to work (2025: 85%). The Group's colleague engagement strategy continues to provide opportunities for further improvement in this score.

The Group centrally supported communities by over £300,000 in FY26 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 invoiced 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, in FY26 74% of dry waste was recycled. A 5% year-on-year reduction in print volume was also achieved. The Group continues to develop digital solutions to remove the need for print throughout the business and a further print volume reduction in FY27 is anticipated.

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 2025 version 1.0 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 2026.

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
2026 Carbon and Energy Consumption				
kWh	27,126,045	28,887,569	39,984,441	95,998,055
tCO ₂ e	4,988	4,757	9,159	18,904
YOY Percentage Change (tCO₂e)	(3.23%)	(14.28%)	1.16%	(4.32%)
2025 Carbon and Energy Consumption				
kWh	28,032,755	26,800,034	39,725,022	94,557,811
tCO ₂ e	5,155	5,549	9,054	19,758
YOY Percentage Change (tCO₂e)	3.78%	(0.79%)	(15.68%)	(7.23%)
Carbon Intensity Metric (tCO₂e/Revenue)				
2026	1.03	0.98	1.90	3.91
2025	1.07	1.16	1.89	4.12
YoY Percentage Change	(4.45%)	(15.17%)	0.25%	(5.08%)

Electricity consumption has decreased by 14.28% and Natural Gas & Other Fuels consumption has decreased by 3.23% year-on-year. Vertu invested further in solar photovoltaics (PV) systems in FY26 to mitigate increased energy consumption due to the full year impact of prior year acquisitions and an increase in BEV charging requirements.

There has been a 1.16% increase in transport emissions year-on-year. This was due to the increase is driven by petrol, diesel and LPG consumed in company cars as the group has grown and dispersed senior management to more effectively manage the groups growing number of franchises.

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 2026, the Group's community activities have included:

The Vertu Food Drive:

Following the success of Vertu's first Food Drive at the beginning of 2025, which took place across the Central Belt of Scotland, Vertu orchestrated another Food Drive, culminating efforts at the annual British Touring Car Championship (BTCC) race weekend at Knockhill, where Vertu had a race team taking part. Both fans of Team VERTU and customers alike embraced this Food Drive, bringing donations that filled the boots of the cars positioned in Vertu's Fan Zone. Over 186kg of essential items were handed over to the Edinburgh Food Project, to benefit their network of several food banks across Edinburgh and its surrounding areas.

St. Oswald's Hospice:

A charity that the Group continued to support through the donation of a car was St Oswald's Hospice. This charity provides 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 25-Reg Hyundai i10 has contributed greatly to the raffle's continued success. The money raised in FY26 equates to 1,000 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 £1.5m through the years of running its Big Car Raffle, making a huge difference to their operations.

Birmingham City Foundation and the Vertu Primary Schools Cup:

As an Official Partner of Birmingham City Football Club, and for the second year running, Vertu has continued to support 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 Knighthed, 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.

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.

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. Vertu has worked with the Foundation to expand the Cric-Kit initiative, which allows the Club and community to donate unwanted cricket equipment that is then recycled and re-used to allow more people to access the sport. Vertu's support has allowed a fourth Cric-Kit hub to be opened in York, alongside those already in place in Leeds, Sheffield and Bradford.

Non-Financial and Sustainability Information Statement (continued)

Community (continued)

Scottish Community Champion Awards:

The Group has been proud to be the lead sponsor of several Scottish Community Champion Awards, including those in Dunfermline, Greenock and Glasgow, which provide recognition to many worthy individuals who do so much to support their community, communities in which we are very proud to share with our local dealerships across Scotland. The awards have all been a fantastic way to honour the dedication, selflessness, and passion of the charities and people making a difference to individual adults and children's lives, looking after families who need it most.

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, in addition to providing a full refresh of the Band's uniform and instrument accessories this year. 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. With Vertu's support, Dunston Silver Band also proudly represented the North-East once again in the National Brass Band Championships of Great Britain.

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 competition, Vertu has provided the home team with complimentary tickets to be gifted to a programme of their choosing, enabling fans from a wide cross-section of the community to attend and enjoy games. These tickets are most often used as rewards, celebrating the many deserving volunteers of charities who give so much to benefit the communities we share with our dealerships.

Other:

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

Vertu MINI Exeter's ongoing relationship with North Devon Hospice resulting in a direct contribution of £4,500 to support the charity. A series of events raised enough money to fund care at hospice for 15 patients. The dealership also helped to generate thousands more in donations by supporting three key fundraising events; Nightwalk, the North Devon Marathon, and Mission: Unbreakable.

Many of Vertu's Ford dealerships have taken part in a range of 'Ford Drive 4 UR Community' events, which saw potential customers invited along to test drive a range of the latest Ford models, and for each test drive carried out, Ford donated £30 to a local charity.

Vertu Renault Leicester ensured that a local youth football team was fully kitted out for the new season, after sponsoring the away kit of Barton Seagrave U12s. Buckland Athletic Girls U16s also benefited in a similar way, thanks to the support of Vertu Volvo Exeter.

A number of colleagues from Vertu Hyundai Nottingham put on their running shoes to complete a local Race for Life, raising more than £3,000 to support Cancer Research UK. Meanwhile, a team made up of colleagues from various Northern Vertu dealerships took part in the Northumberland 250 cycle event over five days to raise more than £3,000 for Mothershare, a Halifax-based charity that supports vulnerable babies, children and families across the region.

The above are just a few examples of dealership community support throughout the Group.

Health and Safety

The Group maintains a consistent Group-wide approach to Health and Safety and environmental matters. The Health and Safety Committee meets at least 10 times a year 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 to the Board, and key findings are regularly communicated to Senior and General Managers to maintain focus on Health and Safety matters.

The Group's 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 CEO Committee and the Board, allowing the swift identification of locations where attention to this critical area is lacking and the implementation of 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%. Any 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.

An external review of the Group's Health and Safety environment and processes has been undertaken in the year, leading to an action plan of agreed improvements that will be implemented over the next year.

Colleagues

Engaging our Colleagues

The engagement and development of our team of colleagues is a core strategic priority for the Group. Sustained focus on this priority across all levels of the business is a key driver of the Group's culture. Colleague engagement and retention 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 promoting an inclusive and welcoming culture where every colleague feels valued and is provided with opportunity to reach their full potential providing that they are willing to engage with the Group and put in the effort to be successful. To support this, the Group offers a range of structured development pathways for colleagues at all stages of their careers from Degree Apprentice and scaled apprentice programmes through to senior leadership development pathways.

Group recruitment processes are designed to attract talent from a broad range of backgrounds, and internal development programmes are built to ensure equal opportunity for progression, regardless of background or starting point. This comprehensive approach enables the Group 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 effective in ensuring that colleague voices are heard and represented at the highest level.

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 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 at each of the Group's dealerships. The CEO also undertakes a virtual monthly briefing session for all our geographically dispersed dealership General Managers and support centre senior team to ensure that they are well informed about the Group's performance, progress on key initiatives and areas that need collective improvement. This supports the alignment and engagement of the most senior managers across the Group.

Local dealership-based 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 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. They are also used to communicate key colleague engagement initiatives, colleague benefits, and to recognise achievement as well as to ensure understanding of compliance and Group governance matters.

Further communication is delivered through 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 2025, 71% of colleagues participated in the annual survey, marginally improving on the participation rate achieved in 2025. 85% of colleagues confirmed that they would recommend the Group as a great place to work (2025: 85%). 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 (Amanda Cox) undertakes the role of Workforce Engagement Director. Working closely with the Group HR Director, Amanda helps guide the Group's 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 in respect of decisions that could affect the workforce.

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.

Colleague feedback is collected from both these forums, considered and progressed to the operational board and PLC 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 37 awards in total, some of which are nomination based, 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. Other awards are linked directly to performance metrics that are visible on a daily basis to all colleagues, allowing them to see how they are performing against one another creating a healthy competition. The CEO announces the winners each year who each receive an award and an invitation to attend one of our long service events held throughout the year.

Colleagues (continued)

Engaging our Colleagues (continued)

Colleague Recognition Programmes (continued)

The Group's Elite Sales Guild recognises the Group's top 50 sales executives, based on volume and 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 onto internal talent programmes should be based on the individual's suitability for a particular post or potential to develop and without reference to demographic factors or personal characteristics. The principle of equality of opportunity for all colleagues is woven into the Group's development and recognition programmes.

Colleagues (continued)

Diversity and Inclusion (continued)

The Group is a member of the Automotive 30% Club, which is focused on encouraging a better gender balance within the automotive industry 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 all colleagues is considered on merit with regard to the ability of the applicant to carry out the function required. The Group is committed to making reasonable adjustments to support colleagues where required to ensure that they are not disadvantaged by any protected or other relevant characteristic.

Group Colleagues Gender Split:

	At 28 February 2026			At 28 February 2025		
	Female	Male	Total	Female	Male	Total
Directors	2	5	7	3	5	8
Group Senior Managers	7	62	69	7	55	62
All Colleagues	1,830	5,427	7,257	1,900	5,691	7,591

Learning and Development

The Group invests in the personal development of all colleagues. This includes the provision of comprehensive online induction and personal development programmes for all colleagues.

The Group’s in-house dedicated training team provide sector and role specific training 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, especially compliance related topics, 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 partnership with Dale Carnegie, the Group delivers 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.

The Group has launched the use of AI avatars to deliver online a range of compliance, process and skills training. This enables the Group’s training strategy to be agile and to adjust quickly to changes in regulation, governance, policy, methods of working or best practices to deliver timely up-skilling interventions quickly and cost effectively at scale. This technology, which is progressing further, provides the capability to deliver training and knowledge in a targeted way without the need to deploy the resources of the in-house training team. This is a transformative technology that we are using to supplement and optimise our training strategy.

Colleagues (continued)

Learning and Development (continued)

A significant number of leadership development programmes are operated by the Group including a number in partnership with Dale Carnegie training. Over 10% of the Group's management will progress through these programmes during FY27. 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 in the case of vehicle technician apprentices. In FY26 the Group initiated a new degree apprentice programme in conjunction with Leeds University, eleven new degree apprentices joined this Group programme during the year. The Group has circa 300 apprentices currently engaged in training. This represents an approximate 25% year-on-year reduction in the volume of apprentices that the Group employs and is a reflection of both the impact of recent Government changes, increasing the cost of employing younger workers and an improving situation in relation to the availability of external technician talent in the recruitment marketplace.

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 9 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 Senior Leadership 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 the 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.

Bribery, Corruption and Prevention of Fraud

The Group has bribery, corruption and prevention of fraud policies which set out the standards that are expected of colleagues and the procedures in place to minimise the opportunity for corrupt behaviours. The policies apply to all colleagues.

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 Compliance and Audit Committees.

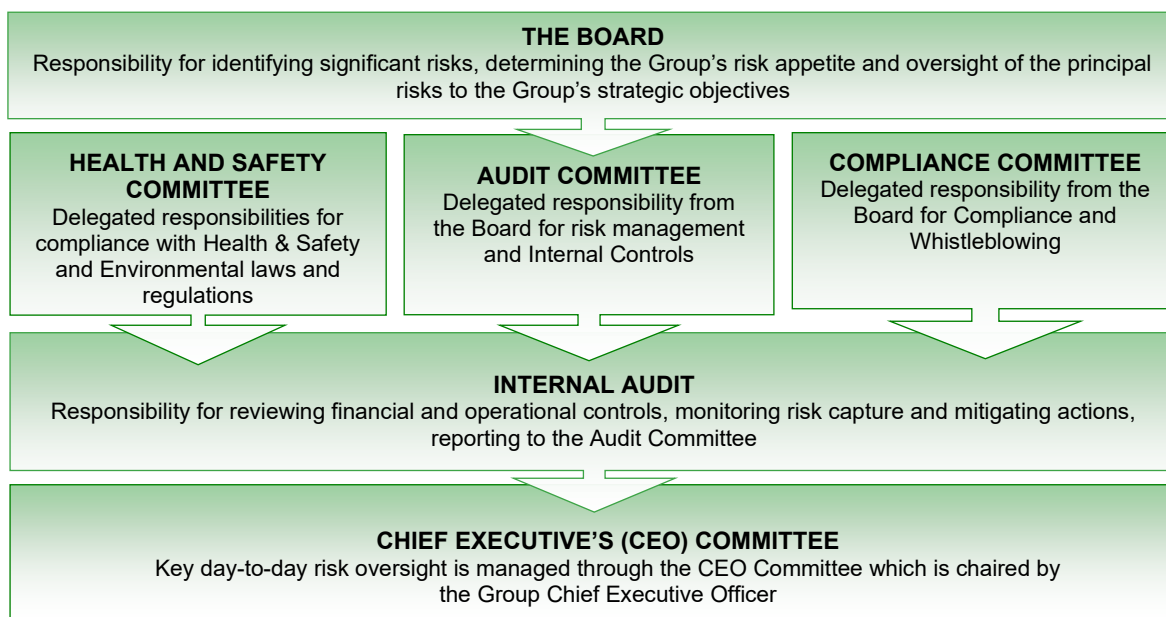
Preventing Modern Slavery and Sexual Harassment

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.

The Group also has adopted formal policies for the prevention of the sexual harassment of colleagues. These policies are also applied to certain suppliers where relevant.

Risk Management

Process



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 85. The statement by the auditors about their reporting responsibilities is given on pages 92 and 93.

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

Compliance and Regulatory Risk: the Group has no appetite for breaches of laws and regulations. The Group is committed to meeting all legal and regulatory obligations and upholding the highest standards of corporate conduct.

Reputational Risk: the Group has a very low appetite for risks that could materially damage its 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 and Corporate Criminal Offence 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. The Group do not consider that these risk factors have changed materially from previous periods. 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	<ul style="list-style-type: none"> Build and 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Build and 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 the Group is successful in the event of significant industry consolidation Build on the Group's established online 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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)

Principal Risks and Uncertainties (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	<ul style="list-style-type: none"> • Colleague engagement forums, driving actions • Annual colleague satisfaction survey and action planning based upon the results • Significant investment in online 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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

Risk Management (continued)

Principal Risks and Uncertainties (continued)

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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Portfolio of Manufacturer partners spreads potential risk• No material foreign exchange transactions are undertaken directly by the Group

Risk Management (continued)

Principal Risks and Uncertainties (continued)

CLIMATE RELATED

Description of risk	Impact	Mitigation
<p>15 Impact of the transition to lower emissions alternatives and Battery Electric vehicles (BEV) in line with the UK Government ZEV mandate timeline</p>	<p>Vehicle Emission Trading Scheme (VETS) compliance</p> <p>Retail demand for BEV may not match required VETS sales targets</p> <p>BEV vehicles changing aftersales work</p>	<ul style="list-style-type: none"> • 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
<p>16 Potential for changes in cost base driven by climate goals</p>	<p>BEV currently more expensive than ICE vehicles</p> <p>Cost of missing VETS targets for Manufacturers</p> <p>Increasing cost of compliance with changing legislation</p> <p>Investment in BEV tools and charging infrastructure</p>	<ul style="list-style-type: none"> • Maintain close relationships with Manufacturer partners • Monitor regulatory changes • Focus on sustainability goals • Ensure appropriate capital allocation
<p>17 Physical risks</p>	<p>Climate change may result in extreme heat or increased risk of flooding</p> <p>Possibility of business interruption within the Group's extensive network of dealerships</p>	<ul style="list-style-type: none"> • Business continuity planning for locations 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 2026 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 28 February 2029.

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 28 February 2029, 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 48 of the Strategic Report.
- Prudent growth assumptions in both volume and margin, reflecting the risks set out on pages 48 to 52 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 2027. This option was completed such that the facility is currently in place until December 2027.

The Group is also funded by three property backed 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 48 to 52 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 48 to 52 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 28 February 2029.

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
12 May 2026

Karen Anderson
Chief Financial Officer
12 May 2026

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 2023 ("QCA Code") and this report again sets out how we comply with, and have applied, the principles and QCA Code during the year.

Despite the challenges throughout the year, the Board continues to work and interact well together through both its regular formal meetings and other ad-hoc contacts. The transition of the new Non-Executive Directors into their full Committee roles has been successful.

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 continue to be at the heart of Group culture 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 businesses 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

Amanda Cox replaced Pauline Best as Chair of the Remuneration Committee following Pauline's term ending at the end of May 2025. David Gillard also replaced Pauline as the Senior Independent Director at the same time.

The Board undertook an annual board evaluation in April 2025 through an anonymous survey, using the expanded version developed last year with some updates for the year's events. The results from the evaluation were then reviewed in individual Director meetings with an external facilitator (a previous Non-Executive Director, Kenneth Lever) and then at a full board meeting to establish themes and actions.

Following this exercise, the annual evaluation for 2026 has taken place without external input but following the same structure as that for 2025, updated for certain items relevant for the year. The results of this evaluation are being considered by the Board at meetings over the next couple of months to identify any issues and appropriate actions to address.

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

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 included the new prevention of fraud offence and regular updates on FCA changes and consumer duty.

This year's Annual General Meeting ("AGM") will be held on 24 June 2026.

Andrew Goss

Non-executive Chairman

12 May 2026

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 10-20 |
| 2. Promote a corporate culture that is based on ethical values and behaviours. | Group Strategy – pages 10-20
Division of Responsibilities – page 62-64 |
| 3. Seek to understand and meet shareholder needs and expectations. | Engaging with Stakeholders – page 5-8
Non-Financial and Sustainability Information Statement – page 33-39 |
| 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 33-39 |
| 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 33-39
Risk Management – pages 46-52
Audit Committee Report – page 66-68 |
| 6. Establish and maintain the Board as a well-functioning balanced team led by the Chair. | Board Leadership – pages 57-61
Division of Responsibilities – page 62-64
Appointment and Powers of the Company's Directors – page 65
Board Leadership – pages 57-61 |
| 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 62-64
Audit Report – pages 86-93
Board Leadership – pages 57-61
Chairman's Corporate Governance Statement
page 55
Skills – page 60 |
| 8. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement. | Chairman's Corporate Governance Statement
page 55 |
| 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 69-76 |
| 10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders. | Remuneration Committee Report – pages 69-76
Audit Committee Report – page 66-68 |

Board Leadership

Board of Directors

The Board has four 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** **(Senior Independent Director)**

Appointed 2 January 2024

Committee Membership

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

Relevant Experience

David (63) 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 builders' merchant. He is also Chair of BSH Pension Trustee Limited, the trustee of the Bristol Street Pension Scheme.

Board Leadership (continued)

Board of Directors (continued)

John Mewett **Non-Executive Director**

Appointed 5 June 2023
Committee Membership
Audit Committee, Nominations Committee
and Remuneration Committee

Relevant Experience

John (58) 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 Chair of the Remuneration Committee

Relevant Experience

Amanda (56) has extensive UK retail experience with human resource roles at Asda and stores management roles at Marks and Spencer. She is now Chief Operating Officer of Dunelm Group plc, having previously held the position of Chief People Officer and Stores Director at the homewares retailer.

Robert Forrester **Chief Executive Officer**

Appointed 6 November 2006

Relevant Experience

Robert (56) 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 (58) 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 (54) 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 7 times in person and 9 times on other occasions via 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	4	4	2	2	5	5
R T Forrester	16	16	-	-	-	-	-	-
D P Crane	16	15	-	-	-	-	-	-
K Anderson	16	15	-	-	-	-	-	-
P Best	4	4	2	2	1	1	1	1
J Mewett	16	14	4	4	1	1	4	4
D Gillard	16	16	4	4	2	2	5	5
A Cox	16	16	4	4	2	2	5	5

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 recognises the importance of ensuring that Directors maintain and enhance their skillsets to effectively fulfil their roles and responsibilities. Throughout the financial 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. 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
<p>Group strategy review</p> <p>Business development</p> <p>Reviewing M&A opportunities</p> <p>Approval of annual business plan and capital budget</p> <p>Review of colleague engagement survey and colleague engagement meeting feedback</p>	<p>Approval of the FY2025 full year results and FY2026 interim results</p> <p>Monthly management accounts and comparison against annual business plan</p> <p>Long range forecast and funding requirement planning</p>	<p>Re-appointment of auditors</p> <p>Monitoring Compliance and Health and Safety Committees</p> <p>Monitoring the culture and Values including colleague survey feedback</p> <p>Monitoring the FCA investigation into commission structures and disclosure and the actions and responses taken by the Group</p> <p>Developing the Group's consideration, and reporting, relating to climate-related disclosures</p>	<p>Annual General Meeting</p> <p>Meetings with key shareholders on results roadshows</p>	<p>Annual review of key Group risks and mitigating controls, including new prevention of fraud offence risk management</p> <p>Review of the Group's cyber risk prevention strategy and approach</p>

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					
	<ul style="list-style-type: none"> • D Gillard (Chair) • A P Goss • J Mewett • A Cox 	<ul style="list-style-type: none"> • A Cox (Chair) • J Mewett • A P Goss • D Gillard 	<ul style="list-style-type: none"> • A P Goss (Chair) • J Mewett • D Gillard • A Cox 	<ul style="list-style-type: none"> • R T Forrester (Chair) • D P Crane • K Anderson • N Loose • Managing Directors • 12 Senior Managers 	<ul style="list-style-type: none"> • D P Crane (Chair) • K Anderson • N Loose • 5 Senior Managers • Rotational attendance by plc Directors, Managing Directors and other senior managers. 	<ul style="list-style-type: none"> • 11 Senior Managers • H & S Manager • H & S Analyst
Delegated authorities	<ul style="list-style-type: none"> • Financial reporting • Financial risk management • Internal control 	<ul style="list-style-type: none"> • Remuneration policy • Incentive plans • Performance targets 	<ul style="list-style-type: none"> • Balance of the Board • Leadership of the Group • Director succession planning 	<ul style="list-style-type: none"> • Review, communication, delivery and management of Group strategy and day to day operations 	<ul style="list-style-type: none"> • Compliance with laws and regulations (excluding Health & Safety and environmental) • Consumer Duty • Whistleblowing procedures • Communication with regulators where required 	<ul style="list-style-type: none"> • Compliance with Health & Safety and environmental law and regulations • Developing Group best practices
Reviews	<ul style="list-style-type: none"> • Full year and half year results • Accounting policies • Terms of engagement of auditors • Internal audit 	<ul style="list-style-type: none"> • Achievement of performance targets for short and long term incentives • Senior management pay structure 	<ul style="list-style-type: none"> • Composition of the Board • Skills, knowledge & experience on the Board • Diversity 	<ul style="list-style-type: none"> • Group HR and IT strategy • Allocation of resources (financial and colleague) • Group performance 	<ul style="list-style-type: none"> • Adequacy and effectiveness of Group policies in response to current law and regulation • Licences and consents required • Internal regulatory audit 	<ul style="list-style-type: none"> • Health & Safety policies and procedures • Health & Safety audits • Accident statistics and causes
Recommends	<ul style="list-style-type: none"> • Re-appointment of auditors • Audit tender • Auditors' remuneration 	<ul style="list-style-type: none"> • Level and structure of Executive remuneration • Remuneration policy 	<ul style="list-style-type: none"> • Appointments to the Board 	<ul style="list-style-type: none"> • Annual business plan to the Board • Group Vision 	<ul style="list-style-type: none"> • Training • Policy change • Remedial or pre-emptive action 	<ul style="list-style-type: none"> • Training • Policy change • Remedial or pre-emptive action
Monitors	<ul style="list-style-type: none"> • Integrity of financial statements • Effectiveness of internal controls and risk management • Internal audit function • Legal & regulatory requirements • External audit 	<ul style="list-style-type: none"> • Appropriateness of Remuneration policy 	<ul style="list-style-type: none"> • Independence of Non-Executive Directors • Succession planning 	<ul style="list-style-type: none"> • Performance against key performance indicators, plans and prior year • Compliance with Group risk management strategy, policy and procedures 	<ul style="list-style-type: none"> • Appropriate retail finance metrics • Indicators of non-compliance with policy • Any relevant complaints • Legal and regulatory developments 	<ul style="list-style-type: none"> • Accidents and near misses • Changes to law and regulations • New sites to the Group and redevelopments • Other changes in working practice
Approves	<ul style="list-style-type: none"> • Statements in Annual Report concerning internal controls and risk management 	<ul style="list-style-type: none"> • Remuneration policy • Remuneration packages for Executive Directors • Design of share incentive plans 	<ul style="list-style-type: none"> • Appointments for Executive Directors • Skills profile for Non-Executive Directors 	<ul style="list-style-type: none"> • Appointments to dealership management positions • Performance related remuneration of dealership colleagues • Operational process and changes 	<ul style="list-style-type: none"> • Reports to the Board • Submissions to relevant authorities • Changes to relevant policies and processes • Training programmes • Whistleblowing procedures 	<ul style="list-style-type: none"> • Reports to the Board • Changes to relevant policies • Training programmes

Division of Responsibilities (continued)

Roles and Responsibilities

<p>Chairman – Andrew Goss</p>	<p>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.</p> <p>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.</p>
<p>Senior Independent Director – David Gillard</p>	<p>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.</p> <p>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.</p>
<p>Non-executive Director – Amanda Cox</p>	<p>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. She also acts as the nominated Non-Executive Director for workforce engagement.</p> <p>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.</p>
<p>Non-executive Director – John Mewett</p>	<p>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.</p> <p>A Non-Executive Director is expected to commit 20 days per year to the role.</p>

Division of Responsibilities (continued)

Roles and Responsibilities (continued)

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.
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 including my term as Chairman.

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, the Company requires that all Directors retire and seek re-election at every Annual General Meeting to reflect the QCA Code.

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 2025 Annual General Meeting will expire on the date of the 2026 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.

The Committee reviews potential Director succession requirements, and any required additional expertise on the Board, regularly to plan appropriate succession. Any Board appointments are proposed by a Nominations Committee decision based on agreed criteria and external specialist support.

Andrew Goss

Non-Executive Chairman
12 May 2026

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 David Gillard. Three other Non-Executive Directors of the Group, namely, Andrew Goss, John Mewett and Amanda Cox, served on the Audit Committee during the year ended 28 February 2026.

The Committee met three times during the financial year and attendance is shown in the table on page 59.

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 62.

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. The Committee considered the following key risks, accounting issues and judgements:

Significant issue	Action taken
Carrying value of goodwill, other intangibles and tangible assets	<p>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.</p> <p>An impairment of goodwill in respect of Shipley and Rotherham Motorrad dealerships of £0.6m has been recognised based on the output of the impairment review. Further impairments £0.8m have been included in non-underlying items.</p> <p>The Committee concluded that the February 2026 carrying amounts shown in notes 15, 16 and 18 of the consolidated financial statements were appropriate and approved the disclosures.</p>
Pension benefits	<p>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.</p> <p>The valuation of the scheme assets and the present value of the obligations are calculated by external advisors.</p> <p>The Committee reviewed the assumptions applied in calculating the scheme assets and obligation (set out in note 30) at 28 February 2026 and confirmed that these were appropriate.</p>

Audit, Risk and Internal Control (continued)

Audit Committee Report (continued)

Significant Issues (continued)

Significant issue	Action taken
Viability and Going Concern	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 53 and 54.</p>
Revenue recognition	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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 86 to 93.

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 two Managing Directors, the Chief Financial Officer, the Company Secretary, the Chief Operating Officer, the Chief Marketing Officer, the Chief Product Officer, the HR Director, the Group Sales Director, the Chief Technology Officer, the Group Strategy Director and the five Divisional Operations Directors of the Group.

Audit, Risk and Internal Control (continued)

Audit Committee Report (continued)

Significant Issues (continued)

Risk Management and Internal Controls (continued)

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 internal audits carried out in each dealership which, for the financial year ended 28 February 2026, 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 PricewaterhouseCoopers LLP as auditors of the Company for a further year. PwC have been appointed as auditors to the Company for the previous 18 financial years. Given PwC's tenure as auditors to the Group, the Board is considering whether and when to commence a competitive audit tender. 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. 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 2026. 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.

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 2026.

David Gillard

Chairman of Audit Committee

12 May 2026

Remuneration Committee Report

Annual Statement from the Chair of the Remuneration Committee

Introduction

I am pleased to present our Directors' Remuneration Report for the year ended 28 February 2026. This 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 2026 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 2026 and is subject to an advisory shareholder vote at this year's AGM.

Key remuneration decisions for the year to 28 February 2026

As in previous years, 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. Instead, the Group 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 changes in 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 FY26, 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 Group. Separately, locally based changes were made to job groupings to maintain market position in local areas and for specific role specialisms.

As part of its review, the Committee reviewed the Executives' annual bonus structure and calculation methodology.

The Executive Bonus scheme continues to include measures on financial performance (Group profit), customer satisfaction and colleague satisfaction with 70% of bonus relating to achievement of 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 threshold for earning a profit bonus has been 85% of business plan profit performance (calculated before taxation, exceptional items but after share-based payment charges and goodwill amortisation) for a number of years.

The Committee have adjusted this minimum threshold to 80% with effect from 1st March 2026 to align the Executive Directors with all other CEO Committee members who have had their minimum target increased from 75% to 80% with effect from the same date. This consistency across the senior management team removes the possibility that CEO Committee members receive a level of total remuneration that exceeds that of any one of the Executive Directors for the same level of Group performance level giving an uneven reward to Executives compared to CEO Committee members.

This change also removes the need for the Committee to have discretion to adjust the lower threshold for profit performance for Executives in special circumstances and this has been removed from 1 March 2026.

For the year ended 28 February 2026, the Executive Directors received 91% of Group profit bonus, 68% of customer satisfaction bonus and 100% of colleague satisfaction bonus as the criteria to be paid these levels of bonus were met.

Remuneration Committee Report (continued)

Annual Statement from the Chair of the Remuneration Committee (continued)

Partnership Share Scheme

The Partnership Share Scheme continued to operate in the year ended 28 February 2026 (FY26) for senior management of the Group, and will also apply in the year commencing 1 March 2026 (FY27) with 248 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 2026) the Executive Directors and other colleagues became entitled to receive further shares under the scheme (following the conclusion of the three-year holding period for shares issued in FY23).

80% of the FY25 Partnership Share awards for the Executive Directors vested. The Partnership Share award made in the year ended 28 February 2026 (FY26) will vest at a high level for the majority of beneficiaries and, following the award of profit bonus described above, at 89% for the Executive Directors, reflecting the good performance across the three measures of bonus.

The Committee considered the level of awards given under the Partnership Share Scheme in the current market and it was decided to reduce the awards for all colleagues in the scheme, including the Executive Directors, by 50% for the year commencing 1 March 2026 compared to previous financial years given the reduction in profitability across the sector. This is a substantial reduction in the value of total reward available to the Executive Directors and the rest of the senior management team which generates a £0.5m annual cost saving for the Group. The Committee will consider reverting to the prior award level once the Groups performance improves to ensure that its long term incentive plan remains effective and does not erode in value over time.

Accordingly, a Partnership Share Scheme annual award to the Executive Directors has been made for the year commencing 1 March 2026 at a level of 20% (not 40%) of on-target earnings.

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 2026. 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:

Amanda Cox

Chairman of Remuneration Committee

12 May 2026

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, <i>inter alia</i> , 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, family 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 Committee Report (continued)

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.	<p>Targets are based on adjusted profit (calculated before taxation, exceptional items but after share-based payment charges and goodwill amortisation) of the Group and customer outcome and colleague satisfaction measures.</p> <p>The Committee sets performance measures, threshold and maximum targets on an annual basis.</p> <p>A sliding scale operates between threshold and maximum performance. No company profit performance bonus is payable where performance is below the threshold of 80%.</p> <p>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.</p> <p>Payment of any bonus earned is subject to overriding discretion of the Committee in the event of gross misconduct.</p>
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 20% (temporarily reduced from 40%) of on-target earnings for FY27. 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 Committee Report (continued)

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 Committee Report (continued)

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.	

Remuneration Committee Report (continued)

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

Treatment of LTIP and CSOP awards and Partnership Share Awards	<p>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.</p> <p>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.</p> <p>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.</p>	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 year. No compensation payable if required to stand down.

Directors' Service Contracts, Notice Periods and Termination Payments

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.

Remuneration Committee Report (continued)

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.

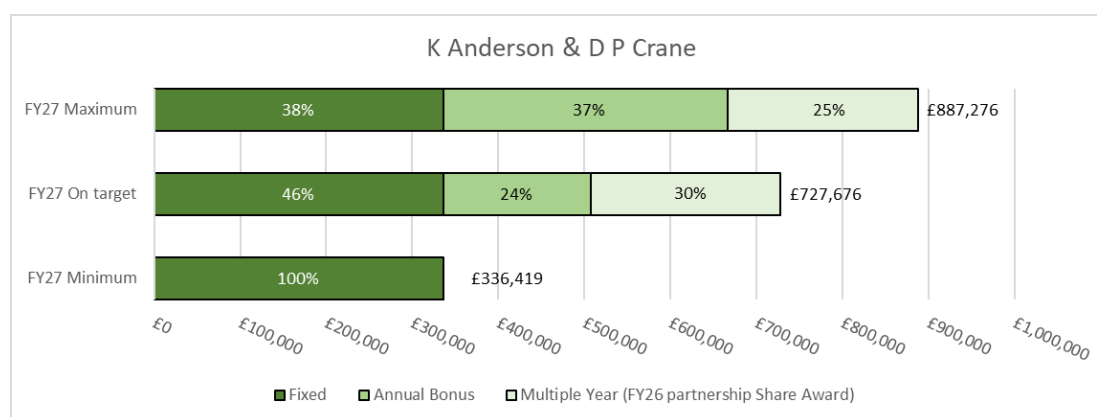
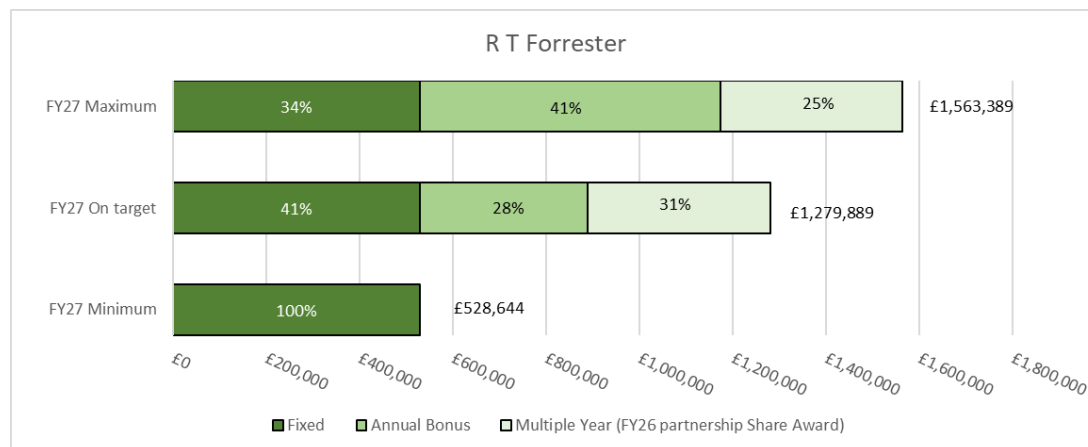
Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
NON-EXECUTIVE DIRECTOR ('NED') FEES			
<p>To attract NEDs who have a broad range of experience and skills to oversee the implementation of our strategy.</p>	<p>NED fees are determined by the Board within the limits set out in the Articles of Association and are paid in 12 equal monthly instalments during the year.</p> <p>Non-Executive Directors may be eligible for benefits such as the use of secretarial support or other benefits that may be appropriate.</p> <p>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.</p>	<p>Annual rate set out in the annual report on remuneration for the current year and the following year. No prescribed maximum annual increase.</p> <p>The cost of providing benefits is borne by the Company and varies from time to time.</p>	<p>None</p>

Directors' Remuneration Report

Total 2026/27 Remuneration Opportunity

The chart below illustrates the remuneration that would be paid to each of the Executive Directors in the 2026/27 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.



Directors' Remuneration Report (continued)

Total 2026/27 Remuneration Opportunity (continued)

Each element of remuneration is defined in the table below:

Element	Description
Fixed	Base salary for the 2026/27 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 2027 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 5 March 2026.

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 2027 are set out in the table below, together with any increase expressed as a percentage.

	2027 (£)	2026 (£)	Underlying Increase (Excluding role changes)
R T Forrester	450,000	450,000	-
K Anderson	285,000	285,000	-
D P Crane	285,000	285,000	-
A P Goss	130,000	130,000	-
J Mewett	45,000	45,000	-
D Gillard	62,000	59,500 ¹	-
A Cox	52,000	50,250 ²	-
P Best	-	15,500 ³	n/a

¹ The 2026 figure for D Gillard includes an increase from 1 June 2025 when he took over the Senior Independent Director role.

² The 2026 figure for A Cox includes an increase from 1 June 2025 when she took over the Chair of the Remuneration Committee.

³ Reflects a part-year figure to reflect P Best's resignation at the end of May 2025.

Directors' Remuneration Report (continued)

Single Total Figure of Remuneration

The remuneration of the Directors who served during the period from 1 March 2024 to 28 February 2025 and from 1 March 2025 to 28 February 2026 is as follows:

	Salary or fees		Taxable Benefits ¹		Pension		Bonus		Long Term Incentive Plan		Single total figure	
	£'000		£'000		£'000		£'000		£'000		£'000	
	2026	2025	2026	2025	2026	2025	2026	2025	2026 ³	2025 ²	2026	2025
Executive Directors												
R T Forrester	450	415	7	6	74	68	321	265	181	75	1,033	829
K Anderson	285	263	4	4	47	43	153	126	102	42	591	478
D P Crane	285	263	4	3	47	43	153	126	102	42	591	477
Non-Executive Directors												
A P Goss	130	130	1	1	-	-	-	-	-	-	131	131
J Mewett	45	45	-	-	-	-	-	-	-	-	45	45
D Gillard	59	49	-	-	-	-	-	-	-	-	59	49
A Cox	50	8	-	-	-	-	-	-	-	-	50	8
P Best	15	59	-	1	-	-	-	-	-	-	15	60
K Lever	-	20	-	-	-	-	-	-	-	-	-	20

¹ Taxable benefits include company vehicle or vehicle insurance and private medical insurance premiums.

² 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.

³ Represents PSO nil cost awards granted in March 2024 which vested in March 2025. The value has been calculated by reference to the closing share price of the Company on 2 March 2025. These vested awards are subject to a 3 year holding period.

Annual Bonuses

The Executive Directors were awarded 91% of their Company profit performance bonus for the year. 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 of 85%. These bonuses are to be paid in May 2026.

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 either receive a payment of 16.5% of current basic salary rather than Company pension contributions, or to elect for a transfer of a proportion of the value of this payment in lieu of pensions into an alternative pension fund.

Directors' Share Options

The movement in share options held by the Directors during the year ended 28 February 2026 is as follows:

	Number at 1 March 2025	Exercised in Year	Lapsed in Year	Granted in Year ¹	Number at 28 February 2026
R T Forrester	1,499,192	(443,451)	(85,916)	611,321	1,581,146
K Anderson	1,343,427	(249,480)	(48,336)	344,151	1,389,762
D P Crane	1,343,427	-	(48,336)	344,151	1,639,242

¹ These Partnership Share Scheme awards vested in March 2026 at a rate of 89% 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 2026, and their connected persons, had interests in the issued share capital of the Company as at 28 February 2026 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 2026	28 February 2025	28 February 2026	28 February 2025	28 February 2026	28 February 2025	28 February 2026 ¹	28 February 2025
	R T Forrester	5,937,960	5,491,740	-	-	969,823	1,072,592	611,321
K Anderson	1,421,108	1,168,859	500,000	500,000	545,611	603,427	344,151	240,000
D P Crane	289,717	286,948	749,480	500,000	545,611	603,427	344,151	240,000
A P Goss	62,083	62,083	-	-	-	-	-	-
J Mewett	50,000	50,000	-	-	-	-	-	-
D Gillard	-	-	-	-	-	-	-	-
A Cox	-	-	-	-	-	-	-	-

¹ These options vested at a rate of 89% 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 28 February 2025 and 28 February 2026 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	8.4%	8.4%	21.3% ¹
Employees	3.23%	0%	1.53%

¹ In the year ended 28 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 21.3% year on year increase. In the year ended 28 February 2026 the Executive Directors were awarded 91% of their Company profit performance bonus for the year. Customer outcome bonus was awarded at the level of 68% and colleague satisfaction bonus at the level of 100%.

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
J Mewett	2 June 2023
D Gillard	28 May 2025
A Cox	28 May 2025

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

Directors' Remuneration Report (continued)

Relative Importance of Spend on Pay

The table below sets out the total spend on remuneration in the Group in the years ended 28 February 2025 and 28 February 2026 compared with other disbursements from profit (i.e. the distributions to shareholders).

	Spend in the year ended 28 February 2026 £'000	Spend in the year ended 28 February 2025 £'000	% change
Spend on remuneration (including Directors)	335,471	323,902	3.6%
Profit distributed by way of dividend	6,473	7,954	(18.6%)

Shareholders' Vote on Remuneration at the 2025 AGM

2025 Directors' Remuneration Report	Number	Proportion of votes cast (%)
Votes cast in favour	155,316,302	99.47
Votes cast against	823,003	0.53
Total votes cast in favour or against	156,139,305	100.00
Votes withheld	772,566	

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 A Cox (Chairman from 1 June 2025), D Gillard, J Mewett (joined in the year), P Best (Chair to May 2025) and A P Goss, and details of meetings held are shown on page 59.

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 2-54) 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	2-54
Business model	Strategic Report	2-54
Corporate Governance Framework	Corporate Governance Report	55-85
Community and charitable giving	Strategic Report	2-54
Details of Directors	Corporate Governance Report	55-85
Directors' share interests and remuneration	Directors Remuneration Report	77-81
Diversity, equality and inclusion	Strategic Report	2-54
Employee engagement	Strategic Report	2-54
Financial Instruments	Financial Statements (Note 27)	135
Future developments and strategic priorities	Strategic Report	2-54
Going concern statement	Strategic Report	2-54
Measurement of CO ₂ emissions and energy efficiency	Strategic Report	2-54
Modern Slavery Statement	Strategic Report	2-54
Principal risks and risk management	Strategic Report	2-54
Results	Consolidated Income Statement	94
Section 172 Statement	Strategic Report	2-54
Stakeholder engagement	Strategic Report	2-54
Statement of Directors Responsibilities	Corporate Governance Report	55-85
Viability Statement	Strategic Report	2-54

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 £37,000 were made by the Group during the year ended 28 February 2026 (2025: £50,000).

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 2026.

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

Dividends of £6,473,000 were paid in the year ended 28 February 2026 (2025: £7,954,000), 2.05p per share (2025: 2.40p). A final dividend of 1.15p per share is to be proposed at the Annual General Meeting on 24 June 2026. The ex-dividend date will be 25 June 2026 and the associated record date 26 June 2026. The dividend will be paid, subject to shareholder approval, on 24 July 2026 and these 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 (2025: Nil).

Post Balance Sheet Events

Details of events after 28 February 2026 are disclosed in note 39 of the Financial Statements.

Powers for the issuance or repurchase of Shares

At 1 March 2025, 7,793,005 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 2026, 5,075,713 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. 2,717,292 ordinary shares in the Company were held by the Trustee at 28 February 2026. Subsequent to 28 February 2026, the employee benefit trust was requested to purchase shares up to £4m by the Company. The Trustee continues to action this order and as at 30 April 2026 held 5,809,133 shares.

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 2025 AGM.

Directors' Report (continued)

Share Capital

As at 28 February 2026, the Company's share capital comprised a single class: ordinary shares of 10 pence each, of which 312,697,148 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 2026 are set out on page 31. 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
12 May 2026

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
12 May 2026

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 2026 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 as at 28 February 2026;
- the Company Balance Sheet as at 28 February 2026;
- the Consolidated Income Statement for the year then ended;
- the Consolidated Statement of Comprehensive Income,
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- 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.

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

Our audit approach

Overview

Audit scope

- 17 full scope audit components were identified, including the company. For additional coverage, audit procedures were performed over certain financial statement line items across a further 30 components.

Key audit matters

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

Materiality

- Overall group materiality: £24,169,000 (2025: £23,820,000) based on 0.5% of revenue.
- Overall company materiality: £4,422,000 (2025: £4,480,000) based on 1% of total assets.
- Performance materiality: £18,127,000 (2025: £17,865,000) (group) and £3,317,000 (2025: £3,360,000) (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.

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

Our audit approach (continued)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
Carrying value of goodwill and other indefinite life assets (group)	
<p>The group has significant goodwill and other indefinite life assets in respect of acquisitions made across various cash generating units ('CGUs') of £135,447,000 (2025: £135,506,000). An impairment assessment is required to be prepared annually by accounting standards in respect of goodwill and intangible assets that are not amortised.</p> <p>For the year ended 28 February 2026, an impairment of £609,000 has been noted (2025: £Nil). The recoverable amount of the CGUs is impacted by various factors, a number of which are outside of management's control, which could impact 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.</p> <p>Management have prepared a value in use cash flow forecast model, including sensitivities, to consider the carrying value of the CGUs. There is inherent uncertainty and judgement in forecasting future cash flows. Refer to note 1 and note 4 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.</p>	<p>To address this risk, we have performed the following procedures:</p> <ul style="list-style-type: none"> • Assessed the mathematical accuracy of the model; • Agreed the forecasts in the model to the board-approved budget; • Assessed the basis of preparation of the model and confirmed that it was prepared in line with the relevant accounting standards; • Compared performance to historical forecasts to challenge accuracy of forecasting in the budgeting process; - Assessed the appropriateness of CGUs used for Goodwill and other indefinite life assets; • Challenged the discount rate and long term growth rate using our Valuation experts; • Challenged and assessed other key inputs such as volumes, direct costs and changes in gross profitability; • Benchmarked growth in years 2-5 against independent industry reports and forecasts; • Performed sensitivity analysis on the forecasts, including a downside scenario to challenge the level of headroom; and • Reviewed the disclosures included in the consolidated financial statements. <p>We are satisfied with management's conclusion on the carrying value of goodwill and other indefinite life assets and the appropriateness of the disclosures.</p>

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

Our audit approach (continued)

<i>Key audit matter (continued)</i>	<i>How our audit addressed the key audit matter (continued)</i>
<i>Carrying value of investments in subsidiaries (company)</i>	
<p>The company has significant investments in respect of acquisitions made across various subsidiaries of £215,988,000 (2025: £215,988,000). The recoverable amount of the investments in subsidiaries is impacted by various factors, a number of which are outside of management'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 2026, no impairment has been noted (2025: £nil). There is inherent uncertainty and judgement in forecasting future cash flows. Refer to note 1 and note 2 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.</p>	<p>To address this risk, we have performed the following procedures:</p> <ul style="list-style-type: none"> • Considered management's assessment of impairment indicators and assessed this for completeness based on our own understanding; • Assessed the mathematical accuracy of the model; • Agreed the forecasts in the model to the board-approved budget; • Assessed the basis of preparation of the model and confirmed that it was prepared in line with the relevant accounting standards; • Compared performance to historical forecasts to challenge accuracy of forecasting in the budgeting process; • Challenged the discount rate and long term growth rate using our Valuation experts; • Challenged and assessed other key inputs such as volumes, direct costs and changes in gross profitability; • Benchmarked growth in years 2-5 against independent industry reports and forecasts; • Performed sensitivity analysis on the forecasts, including a downside scenario to challenge the level of headroom; and • Reviewed the disclosures included in the company financial statements. <p>We are satisfied with management's conclusion on the carrying value of investments and the appropriateness of the disclosures.</p>

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 scoped the audit based on dealerships which is in line with how management monitor the business. This resulted in 16 dealerships being identified as full scope audit components, as well as the company. Audit procedures were performed over certain financial statement line items at a further 30 dealerships. We, as the group engagement team, audited all in scope components, all of which are 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.

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

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:

	<i>Financial statements - Group</i>	<i>Financial statements - Company</i>
Overall materiality	£24,169,000 (2025: £23,820,000).	£4,422,000 (2025: £4,480,000).
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 company, 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 £1,400,000 and £21,744,000.

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% (2025: 75%) of overall materiality, amounting to £18,127,000 (2025: £17,865,000) for the group financial statements and £3,317,000 (2025: £3,360,000) for the company financial statements.

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

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £1,208,000 (group audit) (2025: £1,191,000) and £221,000 (company audit) (2025: £224,000) 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 2027 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 2026 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;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing legal expenditure in the year to identify potential non-compliance with laws and regulations;

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

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 statement 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

12 May 2026

Consolidated Income Statement

For the year ended 28 February 2026

		Underlying items 2026	Non- underlying items 2026 (Note 8)	Total 2026	Underlying items 2025	Non- underlying items 2025 (Note 8)	Total 2025
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	5	4,833,796	-	4,833,796	4,763,926	-	4,763,926
Cost of sales		(4,293,787)	-	(4,293,787)	(4,230,992)	-	(4,230,992)
Gross profit	5	540,009	-	540,009	532,934	-	532,934
Operating expenses	6	(493,523)	(4,228)	(497,751)	(480,528)	(4,569)	(485,097)
Operating profit / (loss)		46,486	(4,228)	42,258	52,406	(4,569)	47,837
Finance income	11	1,343	-	1,343	1,103	-	1,103
Finance costs	11	(23,359)	-	(23,359)	(24,190)	-	(24,190)
Profit / (loss) before tax		24,470	(4,228)	20,242	29,319	(4,569)	24,750
Taxation	12	(6,408)	789	(5,619)	(7,576)	929	(6,647)
Profit / (loss) for the year attributable to equity holders		18,062	(3,439)	14,623	21,743	(3,640)	18,103
Basic earnings per share (p)	13			4.62			5.48
Diluted earnings per share (p)	13			4.29			5.10

Consolidated Statement of Comprehensive Income

For the year ended 28 February 2026

	Note	2026 £'000	2025 £'000
Profit for the year		14,623	18,103
Other comprehensive (expense) / income			
Items that will not be reclassified to profit or loss:			
Actuarial (losses) / gains on retirement benefit obligations	30	(280)	1,471
Deferred tax relating to actuarial losses / (gains) on retirement benefit obligations	30	70	(368)
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	32	(239)	(187)
Deferred tax relating to cash flow hedges	32	60	47
Other comprehensive (expense) / income for the year, net of tax		(389)	963
Total comprehensive income for the year attributable to equity holders		14,234	19,066

Consolidated Balance Sheet

As at 28 February 2026

	Note	2026 £'000	2025 £'000
Non-current assets			
Goodwill and other indefinite life assets	15	135,447	135,506
Other intangible assets	16	1,129	1,557
Retirement benefit asset	30	3,639	3,895
Property, plant and equipment	18	354,029	357,453
Right-of-use assets	19	88,665	83,734
Derivative financial instruments	27	-	147
Total non-current assets		582,909	582,292
Current assets			
Inventories	21	819,995	816,939
Trade and other receivables	23	78,629	98,951
Cash and cash equivalents	24	73,076	72,647
		971,700	988,537
Property assets held for sale	22	4,535	7,921
Total current assets		976,235	996,458
Total assets		1,559,144	1,578,750
Current liabilities			
Trade and other payables	25	(922,585)	(940,541)
Current tax liabilities		(794)	(148)
Deferred consideration	17	-	(1,000)
Contract liabilities	29	(10,749)	(11,753)
Borrowings	26	(5,120)	(5,081)
Lease liabilities	19	(19,240)	(19,182)
Total current liabilities		(958,488)	(977,705)
Non-current liabilities			
Deferred income tax liabilities	28	(26,403)	(26,097)
Contract liabilities	29	(8,738)	(8,435)
Borrowings	26	(129,271)	(134,133)
Lease liabilities	19	(78,711)	(74,829)
Total non-current liabilities		(243,123)	(243,494)
Total liabilities		(1,201,611)	(1,221,199)
Net assets		357,533	357,551
Capital and reserves attributable to equity holders of the Group			
Ordinary share capital	31	31,270	33,010
Share premium	31	124,939	124,939
Other reserve	31	10,645	10,645
Hedging reserve	32	(99)	80
Treasury share reserve	31	(1,678)	(4,812)
Capital redemption reserve	31	8,457	6,717
Retained earnings		183,999	186,972
Total equity		357,533	357,551

These consolidated financial statements on pages 94 to 147 have been approved for issue by the Board of Directors on 12 May 2026 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 2026

	Note	2026 £'000	2025 £'000
Cash flows from operating activities			
Operating profit		42,258	47,837
Loss / (profit) on sale of property, plant and equipment	6	73	(1,168)
Profit on sale of assets previously held for sale	8	(579)	-
Profit on sale of business	8	(310)	-
Profit on lease modification	19	(1,528)	(47)
Amortisation of other intangible assets	16	528	558
Depreciation of property, plant and equipment	18	19,355	18,201
Depreciation of right-of-use assets	19	22,877	20,239
Impairment of property, plant and equipment	18	454	524
Impairment of goodwill	15	609	-
Impairment of right-of-use asset	8	351	-
Movement in working capital	34	1,302	6,986
Share based payments charge		2,602	1,890
Cash inflow from operations		87,992	95,020
Tax received		810	1,328
Tax paid		(5,572)	(6,462)
Finance income received		1,134	984
Finance costs paid		(23,645)	(24,233)
Net cash inflow from operating activities		60,719	66,637
Cash flows from investing activities			
Acquisition of businesses, net of cash, overdrafts and borrowings acquired	17	(2,031)	(10,961)
Acquisition of freehold and long leasehold land and buildings		(1,874)	(2,230)
Purchases of intangible assets		(116)	(145)
Purchases of other property, plant and equipment		(18,094)	(24,611)
Proceeds from disposal of business	17	973	-
Proceeds from disposal of property, plant and equipment		5,257	5,575
Net cash outflow from investing activities		(15,885)	(32,372)
Cash flows from financing activities			
Proceeds from borrowings	33	-	12,526
Repayment of borrowings	33	(5,126)	(8,097)
Principal element of lease repayments	19	(22,339)	(19,954)
Purchase of treasury shares		-	(4,000)
Sale of treasury shares		260	46
Repurchase of own shares		(10,727)	(4,784)
Dividends paid to equity holders	14	(6,473)	(7,954)
Net cash outflow from financing activities		(44,405)	(32,217)
Net increase in cash and cash equivalents	33	429	2,048
Cash and cash equivalents at beginning of year		72,647	70,599
Cash and cash equivalents at end of year	24	73,076	72,647

Consolidated Statement of Changes in Equity

For the year ended 28 February 2026

	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 2025	33,010	124,939	10,645	80	(4,812)	6,717	186,972	357,551
Profit for the year	-	-	-	-	-	-	14,623	14,623
Actuarial loss on retirement benefit obligations	-	-	-	-	-	-	(280)	(280)
Tax on items taken directly to equity	-	-	-	60	-	-	70	130
Fair value losses	-	-	-	(239)	-	-	-	(239)
Total comprehensive income for the year	-	-	-	(179)	-	-	14,413	14,234
Sale of treasury shares	-	-	-	-	3,134	-	(2,874)	260
Repurchase of own shares	-	-	-	-	-	-	(10,641)	(10,641)
Cancellation of repurchased shares	(1,740)	-	-	-	-	1,740	-	-
Dividends paid	-	-	-	-	-	-	(6,473)	(6,473)
Share based payments charge	-	-	-	-	-	-	2,602	2,602
As at 28 February 2026	31,270	124,939	10,645	(99)	(1,678)	8,457	183,999	357,533

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 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, 5,075,713 shares were transferred from the EBT on exercise of vested CSOP and PSO awards. 2,717,292 shares remain in the EBT at 28 February 2026.

All issued shares are fully paid.

Consolidated Statement of Changes in Equity (continued)

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	Retained earnings £'000	Total equity £'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

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 2027 as well as the known financial performance of the Group in the period subsequent to 28 February 2026, 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.

Notes to the Consolidated Financial Statements (continued)

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 156 to 158 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 2026 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 2026 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 2026 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 2026 by virtue of s479A Companies Act 2006 are:

Aceparts Limited	South Hereford Garages Trade Parts LLP
Albert Farnell Limited	The Union Motor Company Limited
All Car Parts Limited	Tyne Tees Finance Limited
Vertu First Investments Limited	Vans Direct Limited
Vertu Fourth Investments Limited	Vertu Accident Repair Limited
Grantham Motor Company Limited	Vertu Motors (Chingford) Limited
Helston Garages Limited	Vertu Motors (Continental) Limited
Helston Garages Group Limited	Vertu Motors (Property) Limited
Helston Garages Group (Management) Limited	Vertu Motors (Property 2) Limited
Jactamial Properties Limited	Vertu Motors Property 2 Holdings Limited
Macklin Property Limited	Vertu Motors (TMC) Limited
Sigma Holdings Limited	Vertu Motors (VMC) Limited

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

Basis of consolidation (continued)

The subsidiaries which have taken an exemption from the preparation of individual accounts in respect of the year ended 28 February 2026 by virtue of s394A of Companies Act 2006 are:

Best4Vans Limited	International Concessionaires Limited
Blacks Autos Limited	Merifield Properties Limited
Blake Holdings Limited	Motor Nation Cars Limited
Boydslaw 103 Limited	National Allparts Limited
Bristol Street (No.1) Limited	Newbolds Garage (Mansfield) Limited
Bristol Street (No.2) Limited	Nottingham TPS LLP
Bristol Street Commercials (Italia) Limited	Peter Blake (Chatsworth) Limited
Bristol Street Fifth Investments Limited	Peter Blake Limited
Bristol Street Fleet Services Limited	Power Bulbs Ltd
Bristol Street Group Limited	Power Bulbs Online Limited
Bristol Street Limited	Rowes Garage Limited
Brookside (1998) Limited	SHG Holdings Limited
BSH Pension Trustee Limited	South Hereford Garages Limited
Carsandvansdirect Limited	The Taxi Centre Limited
Dobies (Carlisle) Limited	Typocar Limited
Dunfermline Autocentre Limited	VanMan Limited
Easy Vehicle Finance Limited	Vertu Fleet Limited
Farmer & Carlisle Holdings Limited	Vertu Motors (AMC) Limited
Farmer & Carlisle Leicester Limited	Vertu Motors (Durham) Limited
Farmer & Carlisle Limited	Vertu Motors (Finance) Limited
F.C. Business Operations Limited	Vertu Motors (Knaresborough) Limited
Gordon Lamb Group Limited	Vertu Motors (Pity Me) Limited
Gordon Lamb Limited	Vertu Motors Third Limited
Gordon Lamb Holdings Limited	Vertu Ventures Limited
Group SMB Limited	Westcountry Enterprises Limited
Hillendale Group Limited	Westcountry Ventures Limited
Hillendale LR Limited	Widnes Car Centre Limited
Hughes Group Holdings Limited	Widnes Car Centre (1994) Limited
Hughes of Beaconsfield Limited	Wiper Blades 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 commencing 1 March 2025:

- Amendments to IAS 21 – Lack of Exchangeability

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

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

IAS 21, IFRS 9 and IFRS 7 adoption is not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new disclosure requirements. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, it impacts on presentation and disclosure, in particular those related to the statement of financial performance. The Group will apply the new standard for the financial year ending 29 February 2028.

Notes to the Consolidated Financial Statements (continued)

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.

Notes to the Consolidated Financial Statements (continued)

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.

Notes to the Consolidated Financial Statements (continued)

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.

Notes to the Consolidated Financial Statements (continued)

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.

Notes to the Consolidated Financial Statements (continued)

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 IAS 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.

Notes to the Consolidated Financial Statements (continued)

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.

Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. They comprise bank loans, mortgages and revolving credit facilities. Further details of the facilities in place are given in note 26.

Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method. Interest expense, including the amortisation of transaction costs, is recognised in finance costs in profit or loss over the expected life of the borrowing. Borrowings are derecognised when the contractual obligations are discharged, cancelled or expire.

Current and non-current classification

Borrowings are classified as current liabilities when they are due to be settled within 12 months after the reporting date or when the Group does not have the right at the reporting date to defer settlement for at least 12 months. All other borrowings are classified as non-current liabilities. The classification is determined based on the rights and obligations that exist at the reporting date and is not affected by management's expectations or intentions.

Where borrowings are subject to covenants, only those covenants that the Group is required to comply with on or before the reporting date are considered in determining whether the Group has the right to defer settlement at that date. A breach of such a covenant at the reporting date that results in the borrowing becoming repayable on demand leads to classification as a current liability, unless a waiver or grace period extending beyond 12 months from the reporting date was obtained from the lender on or before the reporting date. Covenants that are required to be complied with after the reporting date do not affect classification at the reporting date.

Non-current liabilities with covenants

Certain borrowings classified as non-current are subject to financial covenants that are required to be complied with within 12 months after the reporting date. The Group has the right at the reporting date to defer settlement of these borrowings for at least 12 months.

Information is disclosed in note 26 to the financial statements to enable users to understand the nature of the covenants and the carrying amount of the related liabilities.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

Material accounting policies (continued)

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.

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.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

Material accounting policies (continued)

Taxation (continued)

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.

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.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

Material accounting policies (continued)

Revenue (continued)

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:

	2026	2025
	£'000	£'000
Aftersales	434,165	417,799
Used cars	1,929,762	1,851,429
New car retail & Motability	1,375,882	1,439,922
New fleet & commercial	1,093,987	1,054,776
Total	4,833,796	4,763,926

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.

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.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

Material accounting policies (continued)

Pension costs (continued)

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.

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.

Notes to the Consolidated Financial Statements (continued)

1. Accounting policies (continued)

Material accounting policies (continued)

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.

Credit Risk

Credit risk arises from cash and deposits with banks as well as credit exposures to customers. Expected credit losses on cash at bank are deemed immaterial due to the high credit quality of counterparties. 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.

Notes to the Consolidated Financial Statements (continued)

2. Financial risk management (continued)

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	3,108	58,342	-	-	-	61,450
Mortgage	10,411	10,039	26,913	37,605	34,652	119,620
Lease liabilities	25,171	19,609	36,990	28,820	13,400	123,990
Contract liabilities	10,749	5,046	3,692	-	-	19,487
Trade and other payables (excluding social security and other taxes)	903,267	-	-	-	-	903,267
At 28 February 2026	952,706	93,036	67,595	66,425	48,052	1,227,814

	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

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.

Notes to the Consolidated Financial Statements (continued)

3. Capital risk management (continued)

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 £159,266,000 (including £97,951,000 lease liabilities) at 28 February 2026 as disclosed in note 33 to the consolidated financial statements (2025: net debt of £160,578,000 including £94,011,000 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 2026, as well as the results of sensitivity analysis performed, are provided in note 15.

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.

Notes to the Consolidated Financial Statements (continued)

4. Critical accounting estimates and judgements (continued)

Critical accounting estimates (continued)

Pension benefits

During the year ended 28 February 2026, 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 2026 are provided in note 30.

Valuation of inventory

Estimate is applied in the assessment of used vehicle inventory carrying values at 28 February 2026. 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 estimate.

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.

Notes to the Consolidated Financial Statements (continued)

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 2026	Revenue		Gross Profit		Gross Margin ¹
	Revenue	Mix	Gross Profit	Mix	
	£'000	%	£'000	%	
Aftersales	434,165	9.0	250,241	46.3	44.4
Used vehicles	1,929,762	39.9	132,575	24.6	6.9
New car retail and Motability	1,375,882	28.5	105,012	19.4	7.6
New fleet and commercial	1,093,987	22.6	52,181	9.7	4.8
	4,833,796	100.0	540,009	100.0	11.2

Year ended 28 February 2025	Revenue		Gross Profit		Gross Margin ¹
	Revenue	Mix	Gross Profit	Mix	
	£'000	%	£'000	%	
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

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

	2026	2025
	£'000	£'000
Wages and salaries excluding share based payments charge (note 9)	281,065	271,550
Depreciation on property, plant and equipment (note 18)	19,355	18,201
Depreciation on right-of-use assets (note 19)	22,877	20,239
Loss / (profit) on disposal of property, plant and equipment	73	(1,168)
Profit on lease modification (note 19)	(1,528)	(47)
Auditors’ remuneration (note 7)	404	404
Rental income	(469)	(219)
Share based payments charge (note 31)	3,137	2,158
Amortisation (note 16)	528	558
Insurance settlement	(3,391)	-
Other expenses	171,472	168,852
Underlying operating expenses	493,523	480,528
Non-underlying items (note 8):	4,228	4,569
Operating expenses	497,751	485,097

Notes to the Consolidated Financial Statements (continued)

7. Auditors' remuneration

	2026 £'000	2025 £'000
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	404	404
	404	404

8. Non-underlying items

	2026 £'000	2025 £'000
Redundancy costs	1,871	2,817
Other site closure costs	1,132	106
Property remediation works	700	-
Impairment of goodwill (note 15)	609	-
Impairment of property, plant and equipment (note 18)	454	524
Impairment of right-of-use assets	351	-
Profit on disposal of business (note 17)	(310)	-
Profit on sale of assets previously held for sale (note 22)	(579)	-
Rebrand costs	-	794
Acquisition costs	-	328
Non-underlying loss before tax	4,228	4,569
Tax on non-underlying items (note 12)	(789)	(929)
Non-underlying loss for the year attributable to equity holders	3,439	3,640

Non-underlying items for the year ended 28 February 2026 included the following items:

The Group have undertaken a redundancy and headcount rationalisation programme as the Group again sought to reduce its cost base, resulting in a reduction of approximately 280 colleagues, supported by increased productivity through continued technology deployment. The associated termination costs of £1,871,000 have been included in non-underlying costs due to the scale and nature of this initiative.

Part of this cost reduction exercise included the closure of sites with lower than required financial returns, any associated redundancy costs with site closures are included within redundancy costs. Other site closure costs included onerous lease and business rates provisions for void periods, dilapidations provisions and other associated costs with exiting these sites. Costs of £1,132,000 have been included in non-underlying costs.

A provision has been recognised in non-underlying items for £700,000 for property remediation following a significant failure of the roof at one dealership with expert reports obtained and the estimated cost of remediation provided for.

Impairment charges of £609,000 relating to goodwill were recognised as the goodwill in respect of two of the Group's Motorrad bike businesses were fully impaired, where outlet performance had been poor. Property, plant and equipment and right-of-use assets were impaired relating to two locations where franchise representation has changed and forecast financial returns triggered an impairment.

The Group disposed of its Honda dealership in Huddersfield in the year generating a profit on disposal of £310,000. Additionally, freehold properties that were previously held for sale and were sold in the year generated a profit on disposal of £579,000. These profits have been included in non-underlying items.

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

Notes to the Consolidated Financial Statements (continued)

9. Employee benefit expense

	2026	2025
	£'000	£'000
Wages and salaries	290,164	286,074
Social security costs	37,167	29,982
Pension costs – defined contribution plans	8,140	7,846
	335,471	323,902
Share based payments charge (note 31)	3,137	2,158
	338,608	326,060

Employee benefit expense included in:

	2026	2025
	£'000	£'000
Operating expenses	281,065	271,550
Cost of sales	54,406	52,352
Share based payments charge (note 31)	3,137	2,158
	338,608	326,060

Directors' remuneration

The remuneration of the Directors who served during the period from 1 March 2024 to 28 February 2025 and from 1 March 2025 to 28 February 2026 is as follows:

	Salary or fees		Taxable Benefits ¹		Pension		Bonus		Long Term Incentive Plan		Single total figure	
	£'000		£'000		£'000		£'000		£'000		£'000	
	2026	2025	2026	2025	2026	2025	2026	2025	2026 ³	2025 ²	2026	2025
Executive Directors												
R T Forrester	450	415	7	6	74	68	321	265	181	75	1033	829
K Anderson	285	263	4	4	47	43	153	126	102	42	591	478
D P Crane	285	263	4	3	47	43	153	126	102	42	591	477
Non-Executive Directors												
A P Goss	130	130	1	1	-	-	-	-	-	-	131	131
P Best	15	59	-	1	-	-	-	-	-	-	15	60
J Mewett	45	45	-	-	-	-	-	-	-	-	45	45
D Gillard	59	49	-	-	-	-	-	-	-	-	59	49
A Cox	50	8	-	-	-	-	-	-	-	-	50	8
K Lever	-	20	-	-	-	-	-	-	-	-	-	20

¹ Taxable benefits include company vehicle or vehicle insurance and private medical insurance premiums.

² 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.

³ Represents PSO nil cost awards granted in March 2024 which vested in March 2025. The value has been calculated by reference to the closing share price of the Company on 2 March 2025. These vested awards are subject to a 3 year holding period.

Notes to the Consolidated Financial Statements (continued)

9. Employee benefit expense (continued)

Directors' Share Option Schemes

The movement in share options held by the Directors during the year ended 28 February 2026 is as follows:

	Number at 1 March 2025	Exercised in Year	Lapsed in Year	Granted in Year ¹	Number at 28 February 2026
R T Forrester	1,499,192	(443,451)	(85,916)	611,321	1,581,146
K Anderson	1,343,427	(249,480)	(48,336)	344,151	1,389,762
D P Crane	1,343,427	-	(48,336)	344,151	1,639,242

¹ These Partnership Share Scheme awards vested in March 2026 at a rate of 89% 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.

10. Number of people employed (including Directors)

The monthly average number of people employed (including Directors) is as follows:

	2026 Number	2025 Number
Sales and distribution	2,265	2,427
Service, parts and accident repair centres	3,750	3,782
Administration	1,478	1,520
	7,493	7,729

The number of people employed (including Directors) as at 28 February is as follows:

	2026 Number	2025 Number
Sales and distribution	2,207	2,308
Service, parts and accident repair centres	3,610	3,783
Administration	1,440	1,500
	7,257	7,591

11. Finance income and costs

	2026 £'000	2025 £'000
Interest on short-term bank deposits	1,134	983
Net finance income relating to defined benefit pension scheme (note 30)	209	120
Finance income	1,343	1,103
Bank loans and overdrafts	(9,534)	(10,277)
Vehicle stocking interest	(9,296)	(9,853)
Lease liability interest (note 19)	(4,529)	(4,060)
Finance costs	(23,359)	(24,190)

Notes to the Consolidated Financial Statements (continued)

12. Taxation

	2026	2025
	£'000	£'000
Current tax		
Current tax charge	5,841	5,896
Adjustment in respect of prior years	(658)	(943)
Total current tax	5,183	4,953
Deferred tax		
Origination and reversal of temporary differences	51	1,409
Adjustment in respect of prior years	385	285
Total deferred tax (note 28)	436	1,694
Income tax expense	5,619	6,647
	2026	2025
	£'000	£'000
Profit before taxation	20,242	24,750
Profit before taxation multiplied by the rate of corporation tax in the UK of 25% (2025: 25%)	5,061	6,188
Non-qualifying depreciation	1,073	939
Non-deductible expenses	637	513
Lease accounting timing difference	(246)	59
Property adjustment	(348)	(323)
Permanent benefits	(285)	(71)
Adjustments in respect of prior years	(273)	(658)
Total tax expense included in the income statement	5,619	6,647

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

	Underlying	Non-	Total	Underlying	Non-	Total
	items 2026	underlying	2026	items 2025	underlying	2025
	£'000	items 2026	£'000	£'000	items 2025	£'000
Profit/(loss) before tax	24,470	(4,228)	20,242	29,319	(4,569)	24,750
Taxation	(6,408)	789	(5,619)	(7,576)	929	(6,647)
Profit/(loss) after tax	18,062	(3,439)	14,623	21,743	(3,640)	18,103
Effective tax rate	26.19%		27.76%	25.84%		26.86%

The Group's underlying effective rate of tax is 26.19% (2025: 25.84%) which is broadly in line with the standard rate of corporation tax in the UK.

The overall effective tax rate of 27.76% includes tax on non-underlying items (2025: 26.86%).

Notes to the Consolidated Financial Statements (continued)

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 83.

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.

	2026	2025
	£'000	£'000
Profit attributable to equity shareholders	14,623	18,103
Non-underlying loss after tax (note 12)	3,439	3,640
Underlying earnings attributable to equity shareholders	18,062	21,743
Weighted average number of shares in issue ('000s)	316,465	330,599
Potentially dilutive shares ('000s)	24,346	24,117
Diluted weighted average number of shares in issue ('000s)	340,811	354,716
Basic earnings per share	4.62p	5.48p
Diluted earnings per share	4.29p	5.10p
Basic underlying earnings per share	5.71p	6.58p
Diluted underlying earnings per share	5.30p	6.13p

14. Dividends per share

Dividends of £6,473,000 were paid in the year ended 28 February 2026 (2025: £7,954,000), 2.05p per share (2025: 2.40p).

A final dividend of 1.15p per share is to be proposed at the Annual General Meeting on 24 June 2026. The ex-dividend date will be 25 June 2026 and the associated record date 26 June 2026. The dividend will be paid, subject to shareholder approval, on 24 July 2026 and these financial statements do not reflect this final dividend payable.

Notes to the Consolidated Financial Statements (continued)

15. Goodwill and other indefinite life assets

2026	Goodwill £'000	Franchise relationships £'000	Total £'000
Cost			
At 1 March 2025	107,893	45,692	153,585
Acquisitions (note 17)	550	-	550
At 28 February 2026	108,443	45,692	154,135
Accumulated impairment charges			
At 1 March 2025	18,079	-	18,079
Impairment charges	609	-	609
At 28 February 2026	18,688	-	18,688
Net Book Value			
At 28 February 2026	89,755	45,692	135,447
At 28 February 2025	89,814	45,692	135,506

2025	Goodwill £'000	Franchise relationships £'000	Total £'000
Cost			
At 1 March 2024	103,268	43,903	147,171
Acquisitions	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

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 2026 and 28 February 2025, 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 online are allocated to the dealership which delivers the vehicle to the customer. Such sales are immaterial to the Group.

Notes to the Consolidated Financial Statements (continued)

15. Goodwill and other indefinite life assets (continued)

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

	2026	2025
	£'000	£'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	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	10,670	10,729
	89,755	89,814

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.

A summary of franchise relationships acquired is presented below:

	2026	2025
	£'000	£'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	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	45,692

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 two 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 8% (2025: 9%) is applied.

Notes to the Consolidated Financial Statements (continued)

15. Goodwill and other indefinite life assets (continued)

Sensitivity analysis has been performed on the value in use calculations based on three potential severe but plausible downside 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 £0.9m would arise.
- If the pre-tax WACC was increased to 12%, an impairment charge in respect of goodwill and other indefinite life assets of £7.9m would arise.

16. Other intangible assets

2026	Software costs £'000	Brand ¹ £'000	Customer relationships £'000	Total £'000
Cost				
At 1 March 2025	1,598	1,607	1,985	5,190
Additions	116	-	-	116
Disposals ²	(1,197)	-	-	(1,197)
At 28 February 2026	517	1,607	1,985	4,109
Accumulated amortisation				
At 1 March 2025	1,203	947	1,483	3,633
Charge for the year	121	267	140	528
Disposals	(1,181)	-	-	(1,181)
At 28 February 2026	143	1,214	1,623	2,980
Net book value at 28 February 2026	374	393	362	1,129
Net book value at 28 February 2025	395	660	502	1,557
2025	Software costs £'000	Brand¹ £'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

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.

² Disposals relates to end of contract, fully amortised software assets no longer in use and disposed of from the asset register for nil proceeds.

Notes to the Consolidated Financial Statements (continued)

17. Business combinations

a) Acquisition of The Union Motor Company Limited ("Union")

On 1 March 2025, the Group acquired the entire issued share capital of Union. Total consideration of £898,000 was settled from the Group's existing cash resources.

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

	Fair Value £'000
Property, plant and equipment	53
Right-of-use assets	317
Inventories	24
Trade and other receivables	63
Cash and cash equivalents	472
Trade and other payables	(197)
Lease liabilities	(317)
Corporation tax	(17)
Net assets acquired	398
Goodwill	500
Total consideration payable during the year ended 28 February 2026	898

Acquisition related costs (included in underlying operating expenses in the consolidated income statement for the year ended 28 February 2026) totalled £16,000 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 Leicester Skoda

On 1 November 2025, the Group acquired the trade and assets of a Skoda dealership in Leicester from Marshall Motor Group. Total consideration of £605,000 was settled from the Group's existing cash resources.

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

	Fair Value £'000
Property, plant and equipment	28
Right-of-use assets	237
Inventories	545
Trade and other payables	(18)
Lease liabilities	(237)
Net assets acquired	555
Goodwill	50
Total consideration payable during the year ended 28 February 2026	605

Acquisition related costs (included in underlying operating expenses in the consolidated income statement for the year ended 28 February 2026) totalled £12,000 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.

Notes to the Consolidated Financial Statements (continued)

17. Business combinations (continued)

c) Summary of acquisitions' cash consideration

	Cash consideration £'000	Cash acquired £'000	Total £'000
Burrows deferred consideration	1,000	-	1,000
Union	898	(472)	426
Leicester Skoda	605	-	605
Cash consideration for acquisitions	2,503	(472)	2,031

Brought forward deferred consideration in respect of the Burrows acquisition completed 29 October 2024, was paid in the year ended 28 February 2026.

d) Summary of the fair value of net assets acquired

	Union £'000	Leicester Skoda £'000	Total £'000
Property, plant and equipment (note 18)	53	28	81
Right-of-use asset	317	237	554
Inventories	24	545	569
Trade and other receivables	63	-	63
Cash and cash equivalents	472	-	472
Trade and other payables	(197)	(18)	(215)
Lease liabilities	(317)	(237)	(554)
Corporation tax	(17)	-	(17)
Net assets acquired	398	555	953

During the year ended 28 February 2026, the acquisitions of Union and Leicester Skoda contributed £6,207,000 to Group turnover. Union contributed a profit before tax of £153,000. Due to the timing of the acquisition, after the key trading months of September and March, Leicester Skoda contributed a loss before tax of £280,000 in the year ended 28 February 2026. The business is anticipated to contribute positively to trading in the year ending 28 February 2027 in line with our expectations.

Disposals

On 20 February 2026, the Group disposed of the trade and assets of its Honda dealership in Huddersfield to Riverside Motors. Consideration of £973,000 was received in cash on completion.

Details of the fair value of the net assets disposed are as follows:

	Fair Value £'000
Property, plant and equipment	114
Inventories	525
Trade and other receivables	28
Trade and other payables	(4)
Net assets disposed	663
Profit on disposal of business	310
Total consideration received during the year ended 28 February 2026	973

Disposal related costs (included in the consolidated income statement for the year ended 28 February 2026) totalled £9,000 in respect of this disposal.

Notes to the Consolidated Financial Statements (continued)

18. Property, plant and equipment

2026	Freehold and long leasehold land and buildings¹ £'000	Short leasehold land and buildings¹ £'000	Vehicles and machinery £'000	Furniture, fittings and equipment £'000	Total £'000
Cost					
At 1 March 2025	387,403	5,682	29,823	31,859	454,767
Acquisitions (note 17)	12	-	66	3	81
Transfer to assets held for resale (note 22)	(1,020)	-	-	-	(1,020)
Additions	7,735	523	4,574	4,723	17,555
Reclassifications	(1,070)	882	(19)	207	-
Disposals	(179)	(22)	(1,819)	(3,778)	(5,798)
At 28 February 2026	392,881	7,065	32,625	33,014	465,585
Accumulated depreciation and impairment					
At 1 March 2025	56,489	3,891	17,266	19,668	97,314
Depreciation charge	9,085	690	4,586	4,994	19,355
Impairment charges	330	-	68	56	454
Transfer to assets held for resale (note 22)	(45)	-	-	-	(45)
Reclassifications	(10)	10	(35)	35	-
Disposals	(54)	(19)	(1,725)	(3,724)	(5,522)
At 28 February 2026	65,795	4,572	20,160	21,029	111,556
Net Book Value					
At 28 February 2026	327,086	2,493	12,465	11,985	354,029
At 28 February 2025	330,914	1,791	12,557	12,191	357,453

¹ Includes leasehold improvements and franchise standards property improvements.

Depreciation expense of £19,355,000 has been charged in operating expenses (note 6).

Within the reclassification between freehold and long leasehold and short leasehold are assets relating to a dealership in Yeovil. The property relocated from a freehold property to a short leasehold property and assets with a cost of £1,009,000 have been reclassified accordingly.

In addition to the floating security provided for the Group's bank borrowings, specific fixed charges over freehold land and buildings with a net book value of £10,609,000 (2025: £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 £78,749,000 (2025: £83,834,000).

Notes to the Consolidated Financial Statements (continued)

18. Property, plant and equipment (continued)

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	17,461	-	268	738	18,467
Transfer to assets held for resale	(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	(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.

Notes to the Consolidated Financial Statements (continued)

19. Leases

Amounts recognised in the Balance Sheet

The balance sheet shows the following amounts relating to leases:

	2026	2025
	£'000	£'000
Right-of-use assets		
Property	78,992	73,575
Vehicles	9,673	10,159
	88,665	83,734
Lease liabilities		
Current	(19,240)	(19,182)
Non-current	(78,711)	(74,829)
	(97,951)	(94,011)

Additions to the right-of-use assets and lease liabilities during the year ended 28 February 2026 were £35,142,000 (2025: £32,277,000).

During the year ended 28 February 2026, right-of-use assets with a net book value of £7,335,000 (2025: £1,189,000) were disposed of as a result of assignment, settlement or modification of various leases. The corresponding lease liability disposed of was £8,863,000 (2025: £1,236,000) generating a £1,528,000 profit recognised in the Consolidated Income Statement (2025: £47,000).

Amounts recognised in the Income Statement

The Income Statement shows the following amounts relating to leases:

	2026	2025
	£'000	£'000
Included in operating expenses		
Impairment of right of use assets (note 8)	351	-
Depreciation charge in respect of right-of-use assets:		
Property	12,021	11,200
Vehicles	10,856	9,039
	23,228	20,239
Profit on lease modification	(1,528)	(47)
Included in finance costs		
Interest expense	4,529	4,060

The total cash outflow in respect of lease payments in the year ended 28 February 2026 was £26,868,000, of which £4,529,000 related to interest on lease liabilities (2025: £24,014,000 including £4,060,000 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 2026 and 28 February 2025 is given in note 7 of the Vertu Motors plc company only financial statements (pages 156 to 158).

Notes to the Consolidated Financial Statements (continued)

21. Inventories

	2026	2025
	£'000	£'000
New vehicle stock	579,424	577,486
Used vehicle stock	174,338	166,332
Demonstrator and courtesy vehicles	42,055	49,489
Parts and sundry stocks	24,178	23,632
	819,995	816,939

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

	2026	2025
	£'000	£'000
Interest bearing consignment stock	76,517	85,304
Stock invoiced not yet paid held by Manufacturers to the order of the Group	360,554	390,035
Other new vehicle stock	142,353	102,147
	579,424	577,486

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 £4,426,070,000 (2025: £4,371,493,000).

22. Property assets held for sale

	2026	2025
	£'000	£'000
At beginning of year	7,921	7,881
Transfers in from freehold property (note 18)	975	4,361
Property sold during the year	(4,361)	(4,321)
At end of year	4,535	7,921

During the year ended 28 February 2026, the Group sold four properties which were held for sale at 28 February 2025. Combined proceeds of £5,063,000 were generated and profit on disposal of £579,000 was recognised in non-underlying items.

During the year ended 28 February 2026, the Group transferred:

- An empty property in Barnstaple which previously operated as a Peugeot and Volvo dealership prior to its closure in February 2026 into property assets held for resale. This property was sold in March 2026 (note 39), generating proceeds in excess of net book value.

The remaining property held for resale, surplus land in Glasgow with residential planning permission, was exchanged during the year, however contractual completion has not occurred and the property will be remarketed for sale.

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 2026 are currently expected to be disposed of in the next 12 months recovering cash proceeds in excess of their book value.

Notes to the Consolidated Financial Statements (continued)

23. Trade and other receivables

	2026	2025
	£'000	£'000
Trade receivables	55,591	75,150
Less provision for impairment of trade receivables	(1,524)	(1,954)
Trade receivables (net)	54,067	73,196
Other receivables	5,494	4,983
Prepayments and accrued income	19,068	20,772
	78,629	98,951

The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses ("ECL"). Expected credit losses on trade receivables are measured using a provision matrix, based on historical default experience, the current financial position of debtors, known specific factors and forward-looking economic information.

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	31-60	61-90	>90	Trade	Loss	Trade
	£'000	days	days	days	Receivables	Allowance	Receivables
		£'000	£'000	£'000	£'000	£'000	(net)
							£'000
2026	50,895	3,647	719	330	55,591	(1,524)	54,067
2025	71,197	3,219	372	362	75,150	(1,954)	73,196

As at 28 February 2026, trade receivables of £3,688,000 (2025: £2,183,000) 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:

	2026	2025
	£'000	£'000
At beginning of year	1,954	2,171
Net remeasurement of loss allowance	182	884
Receivables written off during the year as uncollectible	(612)	(1,101)
At end of year	1,524	1,954

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.

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.

Notes to the Consolidated Financial Statements (continued)

24. Cash and cash equivalents

	2026	2025
	£'000	£'000
Cash in bank and in hand	73,076	72,647

25. Trade and other payables

	2026	2025
	£'000	£'000
Trade payables	783,334	805,002
Social security and other taxes	19,318	15,290
Accruals	94,841	94,249
Derivative financial instrument (note 27)	92	-
Other payables	25,000	26,000
	922,585	940,541

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 £15,873,000 (2025: £14,599,000) in respect of outstanding service plans.

26. Borrowings

	2026	2025
	£'000	£'000
Current		
Mortgage	5,120	5,081
	5,120	5,081
Non-current		
Mortgage	73,629	78,753
Bank borrowings	55,642	55,380
	129,271	134,133
	134,391	139,214

Borrowings are repayable as follows:

	2026	2025
	£'000	£'000
6 months or less	2,521	2,511
6-12 months	2,599	2,569
1-5 years	76,090	75,830
Over 5 years	53,181	58,304
	134,391	139,214

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.

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. £56,000,000 of the RCF was drawn at 1 March 2025 and at 28 February 2026.

The facility was entered into in December 2022 for an initial three year period with an option to extend to December 2027. The extension was completed such that the facility is in place until December 2027.

During the year ended 28 February 2026, 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 3.82%. The swap expires in December 2026.

Notes to the Consolidated Financial Statements (continued)

26. Borrowings (continued)

a) Bank borrowings (continued)

A rate of 1.45% above base rate has been applied in relation to overdrafts during the year ended 28 February 2026. 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.

At the reporting date, the RCF included in borrowings classified as non-current liabilities is subject to financial covenants that are required to be complied with within 12 months after the reporting date. The Group had the right at the reporting date to defer settlement of amounts drawn under this facility for at least 12 months, and therefore they are classified as non-current.

The covenants attached to the RCF include leverage and interest cover. Compliance with the covenants is assessed quarterly, based on metrics defined in the relevant financing agreements.

The Group was in compliance with all covenants that were required to be tested on or before the reporting date. The Group's forecasts and assumptions, which include projected trading performance and liquidity headroom also confirm that the Group is expected to operate comfortably within the applicable covenants.

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:

	2026	2025
	£'000	£'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	37,000
- Other borrowings	70,000	70,000
	160,000	160,000

b) Mortgage funding

The Group had three mortgage facilities in place at 28 February 2026. 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. Interest was charged on this facility at a fixed rate of 2.9% per annum until December 2025, and subsequently charged at a rate of 2.8% above BMW base rate.

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. 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. Interest was charged on this facility at a fixed, all in rate of 7.03%. The fixed rate of interest expires on 29 February 2028.

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. This mortgage is repayable in equal monthly instalments over the 10-year term 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 28 February 2026 the limit on this facility was £70,000,000. Drawings on this facility at 28 February 2026 were £Nil (2025: £Nil).

Notes to the Consolidated Financial Statements (continued)

26. Borrowings (continued)

d) Financial assets

The Group's financial assets on which floating interest is receivable comprise cash deposits and cash in hand of £73,076,000 (2025: £72,647,000). 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:

	2026 £'000	2025 £'000
£30m Interest rate swap – cash flow hedges	(92)	147
Total derivatives designated as hedging instruments	(92)	147
Current derivative financial instruments	(92)	-
Non-current derivative financial instruments	-	147
	(92)	147

Current derivative financial instruments were included within trade and other payables (note 25) at 28 February 2026 to reflect the interest rate swaps expiration date of December 2026.

	2026 £'000	2025 £'000
Borrowings subject to hedging instruments:		
Bank borrowings	30,000	30,000
Total derivative financial liabilities	30,000	30,000

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, the Group had an interest rate swap in respect of £30,000,000 of borrowing under the RCF which fixed the underlying rate at 3.82% per annum. The swap expires in December 2026.

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 2026 totalled £30,000,000 (2025: £30,000,000). The fair value of these instruments at 28 February 2026 was a liability of £92,000 (2025: asset of £147,000).

Gains and losses recognised in the cash flow hedging reserve in equity on interest rate swap contracts as at 28 February 2026 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 (2025: level 3).

Notes to the Consolidated Financial Statements (continued)

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:

	2026	2025
	£'000	£'000
Deferred tax asset to be recovered after more than 12 months	(2,236)	(2,493)
Deferred tax liabilities to be recovered after more than 12 months	28,639	28,590
Deferred tax liabilities (net)	26,403	26,097

The gross movement on the Group's deferred income tax account is as follows:

2026	Deferred tax liabilities	Deferred tax assets	Net
	£'000	£'000	£'000
At 1 March 2025	28,590	(2,493)	26,097
Charged to income statement (note 12)	119	317	436
Credited directly to equity	(70)	(60)	(130)
At 28 February 2026	28,639	(2,236)	26,403

2025	Deferred tax liabilities	Deferred tax assets	Net
	£'000	£'000	£'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

2026	Accelerated tax depreciation	Share based payments	Pensions	Other timing differences	Total
	£'000	£'000	£'000	£'000	£'000
At 1 March 2025	16,107	(1,963)	974	10,979	26,097
Charged / (credited) to income statement (note 12)	776	119	6	(465)	436
Credited directly to equity	-	-	(70)	(60)	(130)
At 28 February 2026	16,883	(1,844)	910	10,454	26,403

Deferred tax balances as at 28 February 2026 have been measured at a rate of 25%.

2025	Accelerated tax depreciation	Share based payments	Pensions	Other timing differences	Total
	£'000	£'000	£'000	£'000	£'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

Notes to the Consolidated Financial Statements (continued)

29. Contract liabilities

	Warranty policies	Free servicing	Total
	£'000	£'000	£'000
At 1 March 2025	17,224	2,964	20,188
Created in the year	12,079	498	12,577
External payments in the year	(2,387)	-	(2,387)
Recognised as income during the year	(9,548)	(1,343)	(10,891)
At 28 February 2026	17,368	2,119	19,487
	8,777	1,972	10,749
Current	8,777	1,972	10,749
Non-current	8,591	147	8,738
	17,368	2,119	19,487

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 2026 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 2026.

Notes to the Consolidated Financial Statements (continued)

30. Retirement benefit asset (continued)

The fair value of the assets of the scheme are:

	Market Value 28 February 2026 £'000	Market Value 28 February 2025 £'000
Diversified Credit Funds	20,545	15,882
Liability Driven Investment Funds	7,897	7,939
Secured Finance	-	5,873
Equities	3,815	2,525
Other	472	320
	32,729	32,539

Assets held in Secured Finance were disinvested during the year ended 28 February 2025 with the funds being released in the year ended 28 February 2026. 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 28 February 2025 was 5.50%. This is equal to the discount rate used in the calculation of the net interest income for the year ended 28 February 2026.

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:

	2026 £'000	2025 £'000
Fair value of scheme assets	32,729	32,539
Present value of funded obligations	(29,090)	(28,644)
Asset on the balance sheet	3,639	3,895

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:

	2026 £'000	2025 £'000
Opening fair value of scheme assets	32,539	35,020
Interest income	1,734	1,695
Actuarial gains / (losses)	498	(1,893)
Benefits paid	(1,857)	(2,110)
Expenses recognised in the income statement	(185)	(173)
Closing fair value of scheme assets	32,729	32,539

Notes to the Consolidated Financial Statements (continued)

30. Retirement benefit asset (continued)

The movements in the present value of the defined benefit obligations of the scheme in the year are as follows:

	2026	2025
	£'000	£'000
Opening fair value of scheme liabilities	28,644	32,543
Interest cost	1,525	1,575
Actuarial losses / (gains) – changes in demographic assumptions	329	(678)
Actuarial (gains) / losses – changes in financial assumptions	(190)	(1,672)
Actuarial losses / (gains) – experience differing to assumptions	639	(1,014)
Benefits paid	(1,857)	(2,110)
Closing fair value of scheme liabilities	29,090	28,644

The amounts recognised in the income statement in the year are as follows:

	2026	2025
	£'000	£'000
Expenses	185	173
Net interest income (note 11)	(209)	(120)
Total (income) / expense included in income statement	(24)	53

The actual returns on Scheme assets in the year are as follows:

	2026	2025
	£'000	£'000
Interest income	1,734	1,695
Actuarial gains/(losses)	498	(1,893)
	2,232	(198)

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under IAS 19 are set out below:

	2026	2025
Discount rate	5.50%	5.50%
Limited Price Indexation (“LPI”) pension increases	2.85%	3.00%
Inflation rate	2.55%	2.60%

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:

	2026	2025
Male	22	21
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:

	2026	2025
Male	23	23
Female	25	25

Amounts recognised in the Consolidated Statement of Comprehensive Income in the year are as follows:

	2026	2025
	£'000	£'000
Actuarial (losses) / gains	(280)	1,471
Related deferred tax credit / (charge) (note 28)	70	(368)
Total, included within other comprehensive income	(210)	1,103
Cumulative actuarial losses	(3,620)	(3,410)

Notes to the Consolidated Financial Statements (continued)

30. Retirement benefit asset (continued)

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	697
0.25% decrease in discount rate	(728)
0.25% increase in price inflation (and associated assumptions)	(453)
0.25% decrease in price inflation (and associated assumptions)	480
1 year increase in life expectancy at age 65	(1,056)
1 year decrease in life expectancy at age 65	1,054

31. Ordinary share capital, share premium, other reserve, treasury share reserve and capital redemption reserve

2026	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 2025	322,309	33,010	124,939	10,645	(4,812)	6,717	170,499
Issuance and sale of treasury shares	5,076	-	-	-	3,134	-	3,134
Repurchase of own shares	(17,405)	-	-	-	-	-	-
Cancellation of repurchased shares	-	(1,740)	-	-	-	1,740	-
At 28 February 2026	309,980	31,270	124,939	10,645	(1,678)	8,457	173,633

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

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

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).

Notes to the Consolidated Financial Statements (continued)

31. Ordinary share capital, share premium, other reserve, treasury share reserve and capital redemption reserve (continued)

Share Option Schemes (continued)

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 £3,137,000 (2025: £2,158,000) has been recognised during the year, in relation to the schemes as described below.

Movements in the number of share options in issue during the year are as follows:

Award Date	Type	Granted / Outstanding at 28 February 2026 No of shares	Granted / Outstanding at 28 February 2025 No of shares	Exercise price	Date from which exercisable	Expiry date
5 Sep 2016 ¹	LTIP	-	40,337	0.00p	5 Sep 2019	5 Sep 2026
2 Jul 2018 ¹	CSOP	2,100,000	2,400,000	49.60p	2 Jul 2021	2 Jul 2028
8 Nov 2018 ¹	CSOP	2,295,033	2,605,033	38.25p	8 Nov 2021	8 Nov 2028
1 Mar 2020 ¹	PSO	1,131,295	1,649,433	0.00p	1 Mar 2024	1 Mar 2030
1 Mar 2021 ¹	PSO	1,629,715	4,990,409	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	4,590,991	4,926,767	0.00p	1 Mar 2026	1 Mar 2032
1 Mar 2023 ¹	PSO	3,694,111	4,123,910	0.00p	1 Mar 2027	1 Mar 2033
1 Mar 2024 ¹	PSO	4,132,408	5,715,300	0.00p	1 Mar 2028	1 Mar 2034
1 Mar 2025 ²	PSO	8,011,392	-	0.00p	1 Mar 2029	1 Mar 2035
		28,527,356	27,393,600			

¹ Vested.

² Partially vested subsequent to 28 February 2026.

Movements in the number of share options outstanding are as follows:

	2026 No of share options	2025 No of share options
At beginning of year	27,393,600	26,687,252
Granted	8,788,514	6,272,970
Forfeited	(1,422,480)	(1,192,948)
Exercised	(5,075,696)	(2,631,015)
Lapsed	(1,156,582)	(1,742,659)
At end of year	28,527,356	27,393,600

The weighted average share price during the year was 60.5p (2025: 66.3p). The weighted average fair value of PSO options granted during the year, determined using the Black-Scholes model was 46.8p per option.

Notes to the Consolidated Financial Statements (continued)

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 outstanding and their related exercise prices are as follows:

	No of share options	CSOP Weighted average exercise price	LTIP ³ No of share options	PSO ³ No of share options	Total No of share options
At 1 March 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
Granted	-	-	-	8,788,514	8,788,514
Forfeited	(20,000)	38.25p	-	(1,402,480)	(1,422,480)
Exercised	(590,000)	38.25p	(40,337)	(4,445,359)	(5,075,696)
Lapsed	-	-	-	(1,156,582)	(1,156,582)
At 28 February 2026	4,395,033	43.67p	-	24,132,323	28,527,356

³ The weighted average exercise price of LTIP and PSO nil cost awards is 0.00p.

Significant inputs into the Black-Scholes model for the PSO option awards above are set out below:

Vesting period	4 years
Expected volatility	30%
Option life	10 years
Expected life	7 years
Annual risk-free interest rate	4.2%
Dividend yield	3.1%

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.

Notes to the Consolidated Financial Statements (continued)

31. Ordinary share capital, share premium, other reserve, treasury share reserve and capital redemption reserve (continued)

Share Option Schemes (continued)

c) Long Term Incentive Plan (“LTIP”)

All remaining LTIP awards were exercised during the financial year ending 28 February 2026. No LTIP awards were issued during the year.

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 2025, 8,788,514 PSO awards were made to the Executive Directors and certain senior managers. 777,122 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 2026.

The number of vested PSO awards which remained outstanding at 28 February 2026 are shown in the table on page 141.

On 1 March 2026, 4,036,394 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:

	2026	2025
	£’000	£’000
At beginning of year	80	220
Fair value losses on derivative financial instruments during the year	(239)	(187)
Deferred taxation on fair value losses during the year (note 28)	60	47
At end of year	(99)	80

Notes to the Consolidated Financial Statements (continued)

33. Reconciliation of net cash flow to movement in net debt

	2026 £'000	2025 £'000
Net increase in cash and cash equivalents	429	2,048
Cash inflow from proceeds of borrowings	-	(12,526)
Cash outflow from repayment of borrowings	5,126	8,097
Cash movement in net debt	5,555	(2,381)
Borrowings acquired	-	(10,569)
Capitalisation of loan arrangement fees	-	520
Amortisation of loan arrangement fees	(306)	(246)
Decrease in accrued loan interest	3	88
Non-cash movement in net debt	(303)	(10,207)
Movement in net debt (excluding lease liabilities)	5,252	(12,588)
Opening net debt (excluding lease liabilities)	(66,567)	(53,979)
Closing net debt (excluding lease liabilities)	(61,315)	(66,567)
Lease liabilities at 1 March	(94,011)	(82,924)
Capitalisation of new leases (Note 19)	(35,142)	(32,277)
Disposal of lease liabilities (Note 19)	8,863	1,236
Interest element of lease repayments (Note 11)	(4,529)	(4,060)
Cash outflow from lease repayments (Note 19)	26,868	24,014
Lease liabilities at 28 February (Note 19)	(97,951)	(94,011)
Closing net debt (including lease liabilities)	(159,266)	(160,578)

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.

2026	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)			(922,585)	
Contract liabilities (Note 29)			(19,487)	
At 28 February 2026	819,995	78,629	(942,072)	
At 28 February 2025	816,939	98,951	(960,729)	
Balance sheet movement	(3,056)	20,322	(18,657)	
Acquisitions (Note 17)	578	63	(215)	
Disposals (Note 17)	(525)	(28)	4	
Movement excluding business combinations	(3,003)	20,357	(18,868)	(1,514)
Pension related balances				185
Decrease in capital creditor				1,841
Decrease in interest accrual				254
Decrease in corporation tax accrual				208
Derivative financial instruments (note 27)				(92)
Decrease in share buyback accruals				86
Decrease in loan acceptance fee accrual				334
Movement as shown in Consolidated Cash Flow Statement				1,302

Notes to the Consolidated Financial Statements (continued)

34. Cash flow from movement in working capital (continued)

2025	Inventories £'000	Current trade and other receivables £'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	16,017	2,082	(16,933)	
Retention	-	-	(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				(282)
Increase in share buyback accruals				(86)
Increase in loan acceptance fee accrual				(334)
Movement as shown in Consolidated Cash Flow Statement				6,986

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 2025	139,214	94,011	(4,812)	186,972	415,385
Cash flows from financing activities:					
Sale or issue of treasury shares	-	-	3,134	(2,874)	260
Repurchase of own shares	-	-	-	(10,727)	(10,727)
Repayment of borrowings	(5,126)	-	-	-	(5,126)
Lease repayments	-	(22,339)	-	-	(22,339)
Dividends paid	-	-	-	(6,473)	(6,473)
Net cash inflow / (outflow) from financing activities	(5,126)	(22,339)	3,134	(20,074)	(44,405)
Other changes:					
Liability related: capitalisation and amortisation of loan fees and expenses	306	-	-	-	306
Liability related: capitalisation of lease liabilities	-	35,142	-	-	35,142
Liability related: disposal of lease liabilities	-	(8,863)	-	-	(8,863)
Liability related: decrease in accrued loan interest	(3)	-	-	-	(3)
Equity related: other movements	-	-	-	17,101	17,101
As at 28 February 2026	134,391	97,951	(1,678)	183,999	414,663

Notes to the Consolidated Financial Statements (continued)

36. Contingencies

Contingent liabilities

In March 2026 the Financial Conduct Authority published its redress scheme relating to motor finance commission, which confirmed the agreements that would entitle customers to redress covering the period from 6 April 2007 to 1 November 2024. From 1 November 2024, the amount of commission earned by motor retailers acting as credit brokers has been disclosed to customers by the Group, in common with most of the sector. Certain categories of motor finance agreement are caught by the scheme based on their structure and commission levels.

The redress scheme requires lenders to pay redress to affected customers and does not place any liability directly onto credit brokers, other than to assist lenders with redress claims where required by provision of historic information. The Group may have some short-term resource costs to respond to these queries but does not have sufficient certainty from lenders regarding the information required to be able to implement the resource or estimate the cost for the Group.

No lender has currently indicated that it intends to pursue any part of the Group pursuant to agreements in place between the lender and the Group for any contribution to the liability owed to customers. As a result, no liability has been recognised at 28 February 2026 in respect of the redress scheme.

On 1 May 2026 the FCA confirmed the scheme has been formally challenged by one claims management company and 3 lenders. The scheme will now be referred to the Upper Tribunal, where it will be subject to a further Judge led review. The timing of this has yet to be determined.

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 101 and 102 were subject to at 28 February 2026 until they are satisfied in full. These liabilities total £1,374,968,000 (2025: £1,377,688,000), including intercompany loans of £414,926,000 (2025: £403,959,000). 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 £1,821,000 were outstanding as at 28 February 2026 (2025: £7,214,000).

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 2026 is set out in note 9.

During the year to 28 February 2026 and the year to 28 February 2025, Robert Forrester, David Crane, Karen Anderson, Andrew Goss, Pauline Best and Kenneth 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 2026 or the year ended 28 February 2025. All of these transactions were pursuant to an employee vehicle ownership plan available to Executive Directors, Non-Executive Directors and certain Senior Managers. No outstanding balances were due to or from the Group in respect of these transactions at 28 February 2026 (2025: £Nil).

Notes to the Consolidated Financial Statements (continued)

38. Related party transactions (continued)

2026	Bought from the Group		Sold to the Group	
	Number of vehicles	Purchase price £'000	Number of vehicles	Sale price £'000
Robert Forrester	1	37	-	-
David Crane	5	398	4	264
Karen Anderson	4	268	4	266
Andrew Goss	1	55	1	54
Pauline Best	-	-	1	56

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
Kenneth Lever	-	-	1	74

On 10 February 2025, Constellation Retail Group Limited (“Constellation”) acquired shares of the Company taking it over the 10% threshold to become a substantial shareholder of Vertu Motors plc and therefore a related party under the AIM Rules for Companies. On 1 November 2025, Vertu Fourth Investments Limited, a subsidiary of the Company, acquired the business and assets of Skoda Leicester from Marshall Motor Group Limited, which is also part of the Constellation group of companies. The total consideration was £605,000.

39. Post balance sheet events

On 5 March 2026, the board agreed a further share buyback programme running to 28 February 2027, for an amount up to £12,000,000.

On 27 March 2026, the Group disposed of a surplus property held for sale located in Barnstaple. The disposal generated cash proceeds of £1,510,000 at above net book value.

Subsequent to 28 February 2026, the employee benefit trust was requested to purchase shares up to £4m by the Company. The Trustee continues to action this order and as at 30 April 2026 held 5,809,133 shares.

Company Balance Sheet

As at 28 February 2026

	Note	2026 £'000	2025 £'000
Fixed assets			
Intangible assets	5	367	388
Tangible assets	6	3,425	3,621
Investments	7	215,988	215,988
		219,780	219,997
Current assets			
Debtors	8	101,172	88,391
Cash at bank and in hand		121,264	139,650
Total current assets		222,436	228,041
Creditors: amounts falling due within one year	10	(91,062)	(98,029)
Net current assets		131,374	130,012
Total assets less current liabilities		351,154	350,009
Creditors: amounts falling due after more than one year	11	(64,380)	(63,815)
Net assets		286,774	286,194
Capital and reserves			
Called up share capital	13	31,270	33,010
Share premium account	13	124,939	124,939
Other reserve	13	10,645	10,645
Hedging reserve	14	(99)	80
Treasury share reserve	13	(1,678)	(4,812)
Capital redemption reserve	13	8,457	6,717
Profit and loss account:			
At start of year		115,615	109,947
Profit for the year		15,011	17,800
Other changes in retained earnings		(17,386)	(12,132)
	15	113,240	115,615
Total shareholders' funds		286,774	286,194

These financial statements, on pages 148 to 163, have been approved for issue by the Board of Directors on 12 May 2026 and signed by:

Robert Forrester
Chief Executive

Karen Anderson
Chief Financial Officer

Company Statement of Changes in Equity

For the year ended 28 February 2026

	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 2025	33,010	124,939	10,645	80	(4,812)	6,717	115,615	286,194
Profit for the year	-	-	-	-	-	-	15,011	15,011
Tax on items taken directly to equity	-	-	-	60	-	-	-	60
Fair value losses	-	-	-	(239)	-	-	-	(239)
Total comprehensive income for the year	-	-	-	(179)	-	-	15,011	14,832
Sale of treasury shares	-	-	-	-	3,134	-	(2,874)	260
Repurchase of own shares	-	-	-	-	-	-	(10,641)	(10,641)
Cancellation of repurchased shares	(1,740)	-	-	-	-	1,740	-	-
Dividends paid	-	-	-	-	-	-	(6,473)	(6,473)
Share based payments charge	-	-	-	-	-	-	2,602	2,602
As at 28 February 2026	31,270	124,939	10,645	(99)	(1,678)	8,457	113,240	286,774

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 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

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 2026 was £15,011,000 (2025: £17,800,000).

The consolidated financial statements include the results of all subsidiaries owned by Vertu Motors plc listed on pages 156 to 158 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 2026 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 2026 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 2026 of the subsidiaries listed below, further detail of which is provided in note 36 to the consolidated financial statements on page 146.

Notes to the Company Financial Statements (continued)

1. Accounting Policies (continued)

Basis of preparation (continued)

The subsidiaries which have taken an exemption from an audit for the year ended 28 February 2026 by virtue of s479A Companies Act 2006 are:

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

The subsidiaries which have taken an exemption from the preparation of individual accounts in respect of the year ended 28 February 2026 by virtue of s394A of Companies Act 2006 are:

Best4Vans Limited	Hughes of Beaconsfield Limited
Blacks Autos Limited	International Concessionaires Limited
Blake Holdings Limited	Jactamial Properties Limited
Boydslaw 103 Limited	Merifield Properties Limited
Bristol Street (No.1) Limited	Motor Nation Cars Limited
Bristol Street (No.2) Limited	National Allparts Limited
Bristol Street Commercials (Italia) Limited	Newbolds Garage (Mansfield) Limited
Bristol Street Fifth Investments Limited	Nottingham TPS LLP
Bristol Street Fleet Services Limited	Peter Blake (Chatsworth) Limited
Bristol Street Group Limited	Peter Blake Limited
Bristol Street Limited	Power Bulbs Ltd
Brookside (1998) Limited	Power Bulbs Online Limited
BSH Pension Trustee Limited	SHG Holdings Limited
Carsandvansdirect Limited	South Hereford Garages Limited
Dobies (Carlisle) Limited	The Taxi Centre Limited
Dunfermline Autocentre Limited	Typocar Limited
Easy Vehicle Finance Limited	VanMan Limited
Farmer & Carlisle Holdings Limited	Vertu Fleet Limited
Farmer & Carlisle Leicester Limited	Vertu Motors (AMC) Limited
Farmer & Carlisle Limited	Vertu Motors (Durham) Limited
F.C. Business Operations Limited	Vertu Motors (Finance) Limited
Gordon Lamb Group Limited	Vertu Motors (Knaresborough) Limited
Gordon Lamb Limited	Vertu Motors (Pity Me) Limited
Gordon Lamb Holdings Limited	Vertu Motors Third Limited
Group SMB Limited	Westcountry Enterprises Limited
Helston Garages Group (Management) Limited	Westcountry Ventures Limited
Hillendale Group Limited	Widnes Car Centre Limited
Hillendale LR Limited	Widnes Car Centre (1994) Limited
Hughes Group Holdings Limited	

The auditors' remuneration for audit and other services was £25,000 (2025: £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.

Notes to the Company Financial Statements (continued)

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.

Notes to the Company Financial Statements (continued)

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 2026, 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

	2026	2025
	£'000	£'000
Wages and salaries	64,305	61,800
Social security costs	8,823	7,042
Pension costs – defined contribution plans	3,301	3,087
Recovery of payroll costs from subsidiary companies	(46,496)	(41,852)
	29,933	30,077
Share based payments charge (note 17)	3,137	2,158
	33,070	32,235

Notes to the Company Financial Statements (continued)

3. Employee benefit expense (continued)

Details of the emoluments of the Directors who served during the years ended 28 February 2026 and 28 February 2025, 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)

	2026 Number	2025 Number
Sales	143	147
Service	30	26
Administration	526	553
	699	726

5. Intangible assets

	Computer Software £'000
Cost	
At 1 March 2025	1,760
Additions	117
Disposals ¹	(1,197)
At 28 February 2026	680
Accumulated Amortisation	
At 1 March 2025	1,372
Amortisation charge	123
Disposals ¹	(1,182)
At 28 February 2026	313
Net Book Value	
At 28 February 2026	367
At 28 February 2025	388

1 Disposals relates to end of contract software assets no longer in use and disposed of from the asset register for nil proceeds.

6. Tangible assets

	Computer equipment £'000	Office equipment £'000	Total £'000
Cost			
At 1 March 2025	12,488	674	13,162
Additions	1,647	138	1,785
Intercompany transfers	(86)	-	(86)
Disposals	(2,402)	(32)	(2,434)
At 28 February 2026	11,647	780	12,427
Accumulated Depreciation			
At 1 March 2025	9,216	325	9,541
Depreciation charge	1,764	158	1,922
Intercompany transfers	(60)	-	(60)
Disposals	(2,370)	(31)	(2,401)
At 28 February 2026	8,550	452	9,002
Net Book Value			
At 28 February 2026	3,097	328	3,425
At 28 February 2025	3,272	349	3,621

Notes to the Company Financial Statements (continued)

7. Investments

	£'000
Cost	
At 1 March 2025 and 28 February 2026	229,343
Accumulated impairment charges	
At 1 March 2025 and 28 February 2026	13,355
Net Book Value	
At 28 February 2026	215,988
At 28 February 2025	215,988

Vertu Motors plc, the Company, as at 28 February 2026 and 28 February 2025, invested in 100% of the ordinary share capital of the following subsidiary undertakings, incorporated in the United Kingdom:

Company	Principal activity
<u>The registered office address of the following companies is Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, Tyne & Wear, NE11 0XA:</u>	
Vertu First Investments Limited	Motor retailer
Vertu 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 Motors (TMC) Limited	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

Notes to the Company Financial Statements (continued)

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

The registered address of the following companies is Dunfermline Autocentre, Halbeath Road, Dunfermline, Fife, KY12 7RD

Boydslaw 103 Limited ¹	Holding company (dormant subsidiaries)
Dunfermline Autocentre Limited ¹	Dormant company

The registered address of the following company is Peugeot Paisley, Saturn Avenue, Phoenix Retail Park, Paisley, PA1 2BH

Easy Vehicle Finance Limited	Dormant company
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The registered address of the following company is 900 Kennishead Road, Darnley, Glasgow, G53 7RA

The Taxi Centre Limited	Dormant company
Union Motor Company Limited	Dormant company

¹ Held indirectly by the Company.

Notes to the Company Financial Statements (continued)

7. Investments (continued)

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 two 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 8% (2025: 9%) is applied.

Sensitivity analysis has been performed on the impairment test based on three potential severe but plausible downside 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, an additional impairment charge of £3.0m would arise in respect of the Company's investments.

If the growth rate in years three to five is reduced to -5%, an additional impairment charge of £0.9m would arise in respect of the Company's investments.

If the pre-tax WACC was increased to 12%, an additional impairment charge of £8.6m would arise in respect of the Company's investments.

Notes to the Company Financial Statements (continued)

8. Debtors

	2026	2025
	£'000	£'000
Trade debtors	1,918	1,765
Amounts owed by Group undertakings	62,170	54,261
Deferred tax asset (note 9)	1,986	2,178
Corporation tax	-	900
Value Added Tax	15,421	13,482
Prepayments and accrued income	19,677	15,805
	101,172	88,391

Amounts owed by Group undertakings are unsecured, bear no interest and have no fixed repayment date.

9. Deferred tax asset

	2026	2025
	£'000	£'000
At beginning of year	2,178	2,681
Intercompany transfer	1	95
Charged to the profit and loss account	(253)	(645)
Credited directly to equity	60	47
At end of year	1,986	2,178

The amounts recognised for deferred tax assets, calculated under the liability method at 25% (2025: 25%) are set out below:

	2026	2025
	£'000	£'000
Depreciation in excess of capital allowances	(735)	(556)
Other short-term timing differences	2,721	2,734
Total	1,986	2,178

During the year ending 28 February 2027, the reversal of deferred tax assets is expected to decrease the corporation tax charge for the year by £430,000. This is primarily due to timing differences in relation to depreciation in excess of capital allowances.

10. Creditors: amounts falling due within one year

	2026	2025
	£'000	£'000
Trade creditors	9,584	9,343
Other creditors	25,000	26,000
Taxation and social security	8,947	9,993
Corporation tax	18	-
Accruals	36,764	39,940
Deferred consideration	-	1,000
Deferred income	10,749	11,753
	91,062	98,029

Other creditors comprise non-interest bearing advance payments from the Group's finance company partners.

Accruals includes £15,873,000 (2025: £14,599,000) in respect of outstanding service plans.

Notes to the Company Financial Statements (continued)

11. Creditors: amounts falling due after more than one year

	2026	2025
	£'000	£'000
Bank borrowings	55,642	55,380
Deferred income (note 12)	8,738	8,435
	64,380	63,815

	2026	2025
	£'000	£'000
Borrowings are repayable as follows:		
1-2 years	-	-
2-5 years	55,642	55,380
	55,642	55,380

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	Within two to five years	Total
	£'000	£'000	£'000
Bank borrowings	-	55,642	55,642
Trade and other creditors	91,062	8,738	99,800
At 28 February 2026	91,062	64,380	155,442

	Within one year	Within two to five years	Total
	£'000	£'000	£'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

12. Deferred income

Deferred income due in greater than one year comprises:

	2026	2025
	£'000	£'000
Warranty policies	8,591	8,183
Free servicing	147	252
	8,738	8,435

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 £8,777,000 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 (2025: £9,041,000).

Notes to the Company Financial Statements (continued)

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 £1,972,000 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 (2025: £2,712,000).

13. Called up share capital, share premium account, other reserve, treasury share reserve and capital redemption reserve

2026	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 2025	322,309	33,010	124,939	10,645	(4,812)	6,717	170,499
Sale of treasury shares	5,076	-	-	-	3,134	-	3,134
Repurchase of own shares	(17,405)	-	-	-	-	-	-
Cancellation of repurchased shares	-	(1,740)	-	-	-	1,740	-
At 28 February 2026	309,980	31,270	124,939	10,645	(1,678)	8,457	173,633

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.

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

Notes to the Company Financial Statements (continued)

14. Hedging reserve

	2026	2025
	£'000	£'000
Cash flow hedges:		
At beginning of year	80	220
Fair value losses on derivative financial instruments during the year	(239)	(187)
Deferred taxation on fair value losses during year	60	47
At end of year	(99)	80

15. Profit and loss account

	2026	2025
	£'000	£'000
As at beginning of year	115,615	109,947
Profit for the financial year	15,011	17,800
Dividend paid	(6,473)	(7,954)
Share based payments charge	2,602	1,890
Repurchase of own shares	(10,641)	(4,870)
Treasury shares issued	(2,874)	(1,198)
As at end of year	113,240	115,615

The profit for the financial year to 28 February 2026 includes £13,400,000 in respect of dividends received from wholly owned subsidiary companies.

16. Dividends per share

Dividends of £6,473,000 were paid in the year ended 28 February 2026 (2025: £7,954,000), 2.05p per share (2025: 2.40p).

A final dividend of 1.15p per share is to be proposed at the Annual General Meeting on 24 June 2026. The ex-dividend date will be 25 June 2026 and the associated record date 26 June 2026. The dividend will be paid, subject to shareholder approval, on 24 July 2026 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 £3,137,000 (2025: £2,158,000).

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 2025 to 28 February 2026 is set out in note 9 of the consolidated financial statements on page 119 and 120.

Notes to the Company Financial Statements (continued)

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:	2026	2025
	£'000	£'000
No later than 1 year	307	503
Later than 1 year and no later than 5 years	233	249
Later than 5 years	-	-
	540	752

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 twelve-month periods of March 2024 to February 2025 and March 2025 to February 2026.
FY26	The twelve-month period ended 28 February 2026.
FY25	The twelve-month period ended 28 February 2025.
Adjusted	Adjusted for impairment charges, reorganisation costs and other non-underlying items.
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

	2026	2025
	£'000	£'000
Operating profit	42,258	47,837
Non-underlying items (note 8):		
Redundancy costs	1,871	2,817
Other site closure costs	1,132	106
Property remediation works	700	-
Impairment of goodwill (note 15)	609	-
Impairment of freehold land and buildings (note 18)	454	524
Impairment of right of use asset	351	-
Profit on disposal of business (note 17)	(310)	-
Profit on sale of assets previously held for sale	(579)	-
Rebrand costs	-	794
Acquisition costs	-	328
Adjusted operating profit	46,486	52,406

Free cash flow

	2026	2025
	£'000	£'000
Net cash inflow from operating activities	60,719	66,637
Purchase of other property, plant and equipment	(18,094)	(24,611)
Enhancement capital expenditure included in above	5,251	9,789
Purchase of intangible assets	(116)	(145)
Proceeds from disposal of property, plant and equipment	5,257	5,575
Principal elements of lease repayments (note 19)	(22,339)	(19,954)
Free cash flow	30,678	37,291

Alternative Performance Measures (continued)

Adjusted profit before tax (PBT)

	2026	2025
	£'000	£'000
Profit before tax	20,242	24,750
Redundancy costs	1,871	2,817
Other site closure costs	1,132	106
Property remediation works	700	-
Impairment of goodwill (note 15)	609	-
Impairment of freehold land and buildings (note 18)	454	524
Impairment of right-of-use asset	351	-
Profit on disposal of business (note 17)	(310)	-
Profit on sale of assets previously held for sale	(579)	-
Rebrand costs	-	794
Acquisition costs	-	328
Adjusted profit before tax	24,470	29,319

Tangible net assets per share

	2026	2025
	£'000	£'000
Net assets	357,533	357,551
<i>Less:</i>		
Goodwill and other indefinite life assets (note 15)	(135,447)	(135,506)
Other intangible assets (note 16)	(1,129)	(1,557)
<i>Add:</i>		
Deferred tax on above adjustments	14,180	14,318
Tangible net assets	235,137	234,806
Tangible net assets per share	75.9p	72.9p

At 28 February 2026, there were 312,697,148 shares in issue (2025: 330,101,763) of which, 2,717,292 were held by the Group's employee benefit trust (2025: 7,793,005). 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

2026	FY26	FY26	FY26	FY26
	Group	Acquisition	Disposals	Like-for-like
	revenue	revenue	revenue	revenue
	£'m	£'m	£'m	£'m
New car retail and Motability	1,375.9	(79.2)	(15.4)	1,281.3
New fleet and commercial	1,094.0	(4.4)	(1.5)	1,088.1
Used cars	1,929.8	(118.5)	(37.1)	1,774.2
Aftersales	434.1	(20.1)	(5.6)	408.4
Total revenue	4,833.8	(222.2)	(59.6)	4,552.0

2025	FY25	FY25	FY25	FY25
	Group	Acquisition	Disposals	Like-for-like
	revenue	revenue	revenue	revenue
	£'m	£'m	£'m	£'m
New car retail and Motability	1,439.9	(20.6)	(25.0)	1,394.3
New fleet and commercial	1,054.8	(1.4)	(3.0)	1,050.4
Used cars	1,851.4	(39.3)	(69.6)	1,742.5
Aftersales	417.8	(6.4)	(15.3)	396.1
Total revenue	4,763.9	(67.7)	(112.9)	4,583.3

Alternative Performance Measures (continued)

Like-for-like reconciliations (continued):

Gross profit ("GP") by department

2026	FY26 Group GP £'m	FY26 Acquisition GP £'m	FY26 Disposals GP £'m	FY26 Like-for-like GP £'m
New car retail and Motability	105.0	(5.4)	(1.4)	98.2
New fleet and commercial	52.2	(0.9)	(0.0)	51.3
Used cars	132.6	(6.2)	(1.4)	125.0
Aftersales	250.2	(12.6)	(3.6)	234.0
Total GP	540.0	(25.1)	(6.4)	508.5

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	(1.1)	(2.2)	106.9
New fleet and commercial	55.7	(0.2)	-	55.5
Used cars	130.9	(2.6)	(3.5)	124.8
Aftersales	236.1	(4.1)	(6.4)	225.6
Total GP	532.9	(8.0)	(12.1)	512.8

Company Information

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