14 June 2023

Motorpoint Group PLC
("Motorpoint" or the "Group")

Final Results

Motorpoint Group PLC, the UK's leading independent omnichannel used vehicle retailer, today announces its final results for the year ended 31 March 2023 ("FY23").

FY23 Financial Highlights

	Year ended 31 March 2023	Year ended 31 March 2022	Change
Revenue	**£1,440.2m**	£1,322.3m	+8.9%
Gross profit	**£85.7m**	£106.3m	-19.4%
Operating expenditure	**£(79.2)m**	£(81.3)m	-2.6%
Operating profit	**£6.8m**	£25.0m	-72.8%
Finance expense	**£(7.1)m**	£(3.5)m	+102.9%
(Loss)/ Profit before taxation	**£(0.3)m**	£21.5m	-101.4%
Basic earnings per share (p)	**(0.7)p**	18.7p	-103.7%
Net cash/ (debt) excluding lease liabilities	**£5.6m**	£(21.2)m	+£26.8m
Return on capital employed (1)	**17.3%**	74.6%	-76.8%

(1) Calculated as last 12 month's operating profit of £6.8m (FY22: £25.0m) divided by average of opening £39.4m and closing £38.9m net assets (FY22: opening £27.6m and closing £39.4m)

- Revenue increased to a record £1,440.2m (FY22: £1,322.3m) helped by vehicle mix and inflation
- (Loss)/ Profit before taxation decreased to £(0.3)m (FY22: £21.5m), influenced by rising financing costs, limited stock availability and the well-documented fall in value of Electric Vehicles, along with increased investment of £6.1m relating to delivery of strategic objectives (FY22: £1.0m)
- Increased finance expense reflected material interest rate rises
- Significant net cash improvement of £26.8m since 31 March 2022 (FY22: net debt £21.2m), reflected working capital improvement and proceeds of two sale and leasebacks (£9.7m)
- Unsecured loan facility totalling £35m extended to June 2026, with the option of two further one year extensions (at the agreement of both parties)

FY23 Operational and Strategic Highlights

	Year ended 31 March 2023	Year ended 31 March 2022	Change
Market share (0-4 year old)	**3.5%**	3.1%	+40bps
Average market share within 30 min drive time of store	**8.9%**	7.7%	+120bps
Revenue	**£1,440.2m**	£1,322.3m	+8.9%
Retail	£1,175.7m	£1,112.3m	+5.7%
Wholesale	£264.5m	£210.0m	+26.0%
E-commerce revenue	**£660.5m**	£624.9m	+5.7%
Vehicles sold	**89.7k**	97.7k	-8.2%
Retail	57.3k	62.9k	-8.9%
Wholesale	32.4k	34.8k	-6.9%
Finance penetration	**56%**	52%	+7.7%
Strategic investment	**£6.1m**	£1.0m	+£5.1m
Days in stock	51	54	-3 days
Retail gross profit per unit	**£1,300**	£1,446	-10.1%
Wholesale gross profit per unit	**£346**	£440	-21.4%
Customer acquired vehicles retailed (% of sold units)	**23.8%**	17.9%	+33.0%
Number of market locations at year end	**19**	17	+2
Stocking facility headroom (£195.0m available at year end)	**£92.5m**	£48.0m	+92.7%

Sales Momentum
- Group share of the 0-4 year old market increased to 3.5% (FY22: 3.1%), further underlining the power of our price leadership
- E-commerce revenue grew to a record £660.5m (FY22: £624.9m), owing to more effective marketing, with agile product and engineering teams rapidly improving our digital offering

On going investment in digital capabilities

- In-house digital marketing capability now in place with agency cost savings realised
- Numerous improvements made to Motorpoint's website to further support the customer journey, whilst the website for the Auction4Cars brand has undergone a significant upgrade, providing benefits for customers and employees
- New CTO joined in March 2023 with over 20 years of experience in technology leadership; a passionate advocate of utilising AI capabilities to benefit customers and employees
- Technology advancements and improvements in digital capability driving the efficiencies behind a reduced ongoing cost base; automation has already driven annual cost savings in excess of £2m per annum
- New brand advertising campaign "There's no car like a Motorpoint car" launched at Christmas 2022; resonating well with consumers, focusing on quality, service and expertise

Expansion of markets

- A further two new market area locations opened in strategically significant regions, Edinburgh and Coventry, with both trading well, in line with expectations. Ipswich opened in May 2023, taking the total to 20 stores

Stakeholder excellence

- Net Promoter Score ('NPS') remained at a market leading high of 84
- Good progress made against our ESG strategy, delivering on key targets focused on reducing energy, waste and water consumption

Motorpoint's long term ambitions to build significant scale and leadership in the used car market remain, as does our confidence in growing our market share, revenues and profits over time. As we have previously described, this ambition has required significant investment, particularly in digital and technological capabilities to distinguish our omnichannel sourcing and customer sales experiences, in new stores that provide a national network of customer service, and in marketing that builds awareness of our differentiated propositions. We are pleased with the progress that we have made on these ambitions in a short time but there is more to do.

The UK's difficult macroeconomic conditions, and their knock-on effect on the used car market, impacted our growth and profitability in FY23, particularly in the second half. Our stated investment strategy was to continue to invest in new strategic capabilities to the extent possible while remaining profitable. We made good progress on strategic investments; although in the end we made a small loss. For the next year we expect that conditions will remain challenging. Although our long term ambitions remain, we have tempered our growth expectations and will limit investments to those that offer the best near term returns with a focus on customer experiences in areas such as online, using data to support buying, selling and marketing activity, technology enhancements to create greater efficiency and the integration of sales channels. Consequently, we will pause our new store rollout programme. However, as the markets improve so will our capacity to invest.

Outlook

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

Mark Carpenter, Chief Executive Officer of Motorpoint Group PLC commented:

"Having recently celebrated our 25th anniversary, I have been reflecting on the Group's performance and our journey to date. FY23 was marked by record revenues and further strategic investments as we endeavour to provide customers across the UK a seamless car buying experience. This investment is thus far delivering good results and has positioned the Group better for the future. This allows us to pause the level of ongoing investment, given the current consumer and macro environment, while enjoying the efficiencies we have now built into the business and continuing to deliver on our growth strategy within the market constraints.

"Whilst the impact of higher interest rates and inflation will continue into FY24, new car registrations have been steadily increasing, with the fleet market driving much of the growth, which will in turn benefit used vehicle supply. This, coupled with continued market share gains and progress on our key initiatives, will enable Motorpoint to emerge from the current environment in a strong position to more aggressively pursue profitable market leadership."

Analyst & investor webinar

There will be a webinar for sell-side analysts and investors at 9:30am BST today, the details of which can be obtained from FTI Consulting via motorpoint@fticonsulting.com.

Enquiries:

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Forward looking statements: The information in this release is based on management information. This report includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring after the date of this report.

Notes to editors
Motorpoint is the UK's leading independent E-commerce led omnichannel vehicle retailer, focused on giving retail and trade customers the easiest, most affordable and seamless way of buying, selling and financing their car whether online, in store or a combination of both. Through its leading B2C platform Motorpoint.co.uk and UK network of 20 sales and collection stores, the Group provides an unrivalled offering in the nearly new car market, where consumers can effortlessly browse, buy or finance their next car and collect or have it delivered directly to their homes. Motorpoint's purely online wholesale platform Auction4Cars.com sells vehicles into the wholesale B2B market that have been part exchanged by retail customers, or purchased directly from them by the Group as part of its online car buying service. Motorpoint's diversified business model, underpinned by its established brand, industry leading technology and sophisticated marketing infrastructure, always delivers the best choice, value, service and quality for customers. The Group is proud to have been recognised for nine consecutive years as one of the Top 100 Best Companies to Work For.

Non-Executive Chair's statement

I have been with Motorpoint for 17 months and am impressed by what the Group has achieved against a challenging macroeconomic and industry backdrop. To have delivered record revenues of £1,440.2m and increased market share to 3.5% in its target market of 0-4 year old vehicles is to be commended. The Company faced rising financing costs, constrained stock availability and pricing shocks to Electric Vehicle inventory, but nevertheless was able to continue to make a number of important strategic investments. Although greater yearly profitability was expected early in the year, our stated goal has been to invest in growth and new strategic capabilities to the extent possible while remaining profitable. Although the Company eventually made a small loss in a difficult trading environment, I am pleased with the progress made. I have highlighted below my thoughts on the current landscape of the UK's used car market, the strengths of the Motorpoint model, and why I believe there is an opportunity for Motorpoint to continue gaining market share and, as the UK economy normalises, substantially grow profit.

Market context

The UK used car market is highly fragmented among branded new car franchises, local and regional used car dealers, and emerging online companies. The industry's car sales practices are fairly entrenched, organised around a physical store model with high costs, and generally not favoured or well trusted by consumers compared to other retail shopping experiences. The supply side of the used car market is similarly unchanged for most used car dealers. It has traditionally been limited to part exchanges, purchases off lease, bulk purchases from OEM manufacturers and rental fleets, and purchases from a wholesale trade marketplace. Both sides of the market, sales and supply, have recently experienced intensified competition. New car franchises have shifted more attention to used cars to cover for lower new car production, new online-only sales models have emerged, and constrained used car supply has caused all players to compete more aggressively for stock from all sources.

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

Used car competitors can respond to this opportunity in a range of ways, from building a basic catalogue-type website to spending massive money on technology and marketing on an online only model in hopes that scale can eventually cover central costs and show profit. We believe that Motorpoint and its strategic approach are uniquely positioned to become a leader in this changing used car market and thereby grow revenues and profit substantially.

Customer proposition

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

Growth

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

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

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

Value creation

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

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

I would like to thank all of my colleagues at Motorpoint, at our Head Office and across the UK network, for their continued hard work and commitment. Whilst the current macroeconomic environment and car industry pose challenges for our company and UK consumers face significant uncertainty, I remain excited by the opportunity in front of us and confident that Motorpoint is well positioned to deliver significant shareholder value in the long term.

John Walden
Non-Executive Chair, Motorpoint PLC
14 June 2023

Chief Executive's statement

Overview

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

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

As previously highlighted, we experienced a number of headwinds in FY23, which impacted profitability. Rapidly rising inflation, consumer uncertainty and worldwide vehicle supply chain challenges are significantly affecting the used car market. For example, the market for our 0-4 year old sector has fallen from a pre Covid high of 2.45m sales per annum to 1.55m. In addition, higher interest rates also resulted in lower finance commissions where we chose not to pass the full cost increases onto customers, and our interest costs of £7.1m more than doubled from FY22. Margins were also eroded by the well-documented fall in Electric Vehicle prices in the latter part of FY23 with as much as a 30% reduction in stock values over a four month period. These factors influenced the reduction in profitability, resulting in a loss before taxation of £0.3m, down from a profit of £21.5m in FY22. Despite these headwinds we consciously continued to execute our planned investment in strategic objectives, which cost an incremental £6.1m in FY23. We have worked hard during the year to manage non-strategic costs, and headcount at year end had dropped to 794 (FY22: 928), even with the opening of new stores.

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

We believe that there is a significant opportunity for Motorpoint to become a larger, highly profitable market leader in a changing and fragmented market. This will involve investments over time in data-driven technology, digital and store customer experiences, and growth including marketing and store expansion. In the shorter term, the business is expected to benefit from the increase in new car registrations, expanding supply.

Strategy Update

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

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

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

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

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

During FY23, we have made rapid progress enhancing our digital capability. We are seeing the benefits of hiring an experienced Chief Digital Officer, who has built up an in-house digital team, with a significant increase in digital sales leads. We also opened our new state-of-the-art Tech Hub in Manchester to help us attract the best talent in the digital industry as we enhance our online presence. Our website has been subject to much investment, and now includes a new, lifestyle inspiring landing page, improved search workings, imagery, product information, drop down functionality and a more premium look and feel. In addition, work has been progressing quickly on integrating marketing platforms, SEO enhancements, targeted brand awareness and communication, and eCRM capability. These enhancements are all designed to improve the customer journey and increase efficiency.

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

The investment that we undertook in FY23 was to build a market leader. This included future-proofing the business, providing us with enhanced technology capabilities to improve our customer proposition and automation to drive efficiencies, both of which help us to withstand tougher market conditions. The Group is now better positioned for the future, and we are in a position to scale back on our investment spend by c.£8m in FY24, utilising these new capabilities, and focus only on pursuing the most impactful strategic investments.

Customers

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

During FY23, we introduced Project One, which is Group wide, and looks at how Motorpoint will operate in the future to seamlessly join our online and in store customer journey. The focus currently is on improving customer experience, and how we can serve them even better, linking their in store experience to online research. How customers shop with us is becoming increasingly interchangeable between channels.

Our team

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

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

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

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

Environmental, Social and Governance (ESG)

The Group has made significant progress on its ESG strategy. The ESG Committee is fully operational and has been instrumental in setting out appropriate ESG targets. We want to be viewed as the most environmentally friendly used car retailer.

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

Throughout FY23 we have remained committed to energy management, championing this through internal communication channels which promote and incentivise energy efficiency.

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

Outlook

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

Mark Carpenter
Chief Executive Officer
14 June 2023

FINANCIAL REVIEW

Group financial performance headlines

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

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

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

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

Trading performance

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

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

Retail

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

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

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

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

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

Wholesale

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

Operating expenses

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

Other income

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

Exceptional items

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

Interest

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

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

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

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

Taxation

The tax charge in the period is for the amount assessable for UK corporation tax in the year net of prior year adjustments and deferred tax credits. The tax charge has reduced to £0.3m (FY22: £4.6m), reflecting lower profitability.

Shares

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

Earnings per share

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

Dividends

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

Capital expenditure and disposals

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

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

Balance sheet

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

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

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

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

The Group also has a £35.0m facility with Santander UK PLC, split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility. This facility was extended in June 2023 for a further three years, with the option of two one-year extensions. At 31 March 2023, £Nil (31 March 2022: £29.0m) was drawn on this facility.

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

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

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

Cash flow

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

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

Capital structure and treasury

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

The Group's long term funding arrangements consist primarily of the stocking finance facilities with Black Horse Limited and Lombard North Central (to a maximum of £195.0m) and an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility. This loan facility with Santander UK PLC has been extended in June 2023 and will now expire in June 2026, with the option of two one-year extensions, if agreed by both parties.

Chris Morgan
Chief Financial Officer
14 June 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Note	**2023** **£m**	2022 £m
Revenue	3	**1,440.2**	1,322.3
Cost of sales	4	**(1,354.5)**	(1,216.0)
Gross profit		**85.7**	106.3
Operating expenses	4	**(79.2)**	(81.3)
Other income		**0.3**	_
Operating profit		**6.8**	25.0
Finance expense		**(7.1)**	(3.5)
(Loss) / Profit before income tax		**(0.3)**	**21.5**
Income tax expense	5	**(0.3)**	(4.6)
(Loss) / Profit for the year		**(0.6)**	16.9
Other comprehensive expenses:			
Items that will not be reclassified to profit or loss			
Tax relating to items which will not be reclassified to profit or loss	5	**(0.1)**	(0.2)
Other comprehensive expense		**(0.1)**	(0.2)
Total comprehensive (expense) / income for the year attributable to equity holders of the parent		**(0.7)**	16.7

Earnings per share attributable to equity holders of the parent			
Basic	6	**(0.7p)**	18.7p
Diluted	6	**(0.7p)**	18.7p

The Group's activities all derive from continuing operations.

The notes on pages [xx] to [xx] are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2023

	Note	**2023** **£m**	2022 £m
ASSETS			
Non-current assets			
Property, plant and equipment		**13.1**	10.9
Right-of-use assets		**58.4**	46.7
Intangible assets		**3.7**	0.6
Deferred tax assets		**–**	1.0
Total non-current assets		**75.2**	59.2
Current assets			
Assets held for sale		**–**	9.2
Inventories		**148.6**	228.4
Trade and other receivables		**18.4**	13.6
Current tax receivable		**1.3**	–
Cash and cash equivalents		**5.6**	7.8
Total current assets		**173.9**	259.0
TOTAL ASSETS		**249.1**	**318.2**
LIABILITIES			
Current liabilities			
Trade and other payables, excluding contract liabilities		**(143.8)**	(193.8)

Borrowings	7	–	(29.0)
Lease liabilities		**(3.4)**	(3.3)
Current tax liabilities		–	(0.6)
Provisions		–	(0.1)
Total current liabilities		**(147.2)**	(226.8)
Net current assets		**26.7**	32.2
Non-current liabilities			
Lease liabilities		**(60.2)**	(49.5)
Provisions		**(2.6)**	(2.5)
Deferred tax liabilities		**(0.2)**	–
Total non-current liabilities		**(63.0)**	(52.0)
TOTAL LIABILITIES		**(210.2)**	(278.8)
NET ASSETS		**38.9**	39.4
EQUITY			
Called up share capital	8	**0.9**	0.9
Capital redemption reserve		**0.1**	0.1
Capital reorganisation reserve		**(0.8)**	(0.8)
EBT reserve		**(5.3)**	(4.7)
Retained earnings		**44.0**	43.9
TOTAL EQUITY		**38.9**	39.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Note	Called up share capital	Capital redemption reserve	Capital reorganisation reserve	EBT reserve	Retained earnings	Total equity
		£m	£m	£m	£m	£m	£m
Balance at 1 April 2021		0.9	0.1	(0.8)	(0.1)	27.5	27.6
Profit for the year		–	–	–	–	16.9	16.9
Other comprehensive expense for the year		_	_	_	_	(0.2)	(0.2)
Total comprehensive income for the year		_	_	_	_	16.7	16.7
Transactions with owners in their capacity as owners:							
Share-based payments		–	–	–	–	0.1	0.1
EBT share purchases and commitments		_	_	_	(5.0)	_	(5.0)
Share-based compensation options satisfied through the EBT		_	_	_	0.4	(0.4)	_
		_	_	_	(4.6)	(0.3)	(4.9)
Balance at 31 March 2022		0.9	0.1	(0.8)	(4.7)	43.9	39.4
Loss for the year		_	_	_	_	(0.6)	(0.6)
Other comprehensive expense for the year		_	_	_	_	(0.1)	(0.1)
Total comprehensive expense for the year		_	_	_	_	(0.7)	(0.7)
Transactions with owners in their capacity as owners:							
Share-based payments		_	_	_	_	0.9	0.9
EBT share purchases and commitments		_	_	_	(0.7)	_	(0.7)
Share-based compensation options satisfied through the EBT		_	_	_	0.1	(0.1)	_
		_	_	_	(0.6)	0.8	0.2
Balance at 31 March 2023		0.9	0.1	(0.8)	(5.3)	44.0	38.9

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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

1. General information

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

The Company is a public company limited by shares and is listed on the London Stock Exchange; the address of the registered office is Champion House, Stephensons Way, Derby, England, United Kingdom, DE21 6LY. The consolidated financial statements of the Group as at and for the year ended 31 March 2023 comprise the Company, all of its subsidiaries and the Motorpoint Group Plc Employee Benefit Trust (the ‘EBT’), together referred to as the ‘Group’. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

Going concern

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

In making their assessment the Directors considered the Group’s current balance sheet, and operational cash flows, the availability of facilities, and stress testing of the key trading assumptions within the Group’s plan. Three scenarios were modelled with the outcomes as follows:

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

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

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

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

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

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

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

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

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

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

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

New standards, amendments and interpretations

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

The following amended standards and interpretations effective for the current financial year have been applied and have not had a significant impact on the Group's consolidated financial statements in the current or future reporting periods and on foreseeable future transactions.

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

Basis of preparation

The financial information set out in this document does not constitute the statutory financial statements of the Group for the year end 31 March 2023 within the meaning of Section 434 of the Companies Act 2006 but is derived from the Annual Report and Accounts 2023. This financial information is prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The auditor has reported on the annual financial statements included within the Annual Report and Accounts 2023 and issued an unqualified opinion and the auditor's report did not contain a statement under section 498 of the Companies Act 2006.

The financial statements for the year ended 31 March 2022 have been delivered to the Registrar of Companies and the auditor's report was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, entities controlled by the Company (its subsidiaries) and the Motorpoint Group Plc Employee Benefit Trust made up to 31 March each year.

The EBT is consolidated on the basis that the Company has control, thus the assets and liabilities of the EBT are included in the Balance Sheet and shares held by the EBT in the Company are presented as a deduction from equity. The EBT has been solely set up for the purpose of issuing shares to Group employees to satisfy awards under the various share-based schemes and has no ability to access or use assets, or settle liabilities, of the Group.

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

2. Segmental reporting

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

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

The Group operates its omnichannel vehicle retailer offering through a store network and separate financial information is prepared for these individual store operations. These stores are considered separate 'cash-generating units' for impairment purposes. However, it is considered that the nature of the operations and products is similar and they all have similar long term economic characteristics and the Group has applied the aggregation criteria of IFRS 8. In addition, the Group operates an independent trade car auction site offering a business-to-business entirely online auction marketplace platform which is assessed by the Board as a separate operation and thus there are two reportable segments: retail (Motorpoint) and wholesale (Auction4Cars).

	Motorpoint 2023 £m	Motorpoint 2022 £m	Auction4Cars 2023 £m	Auction4Cars 2022 £m	Total 2023 £m	Total 2022 £m
Gross profit						
Revenue	**1,175.7**	1,112.3	**264.5**	210.0	**1,440.2**	1,322.3
Cost of sales	**(1,101.2)**	(1,021.3)	**(253.3)**	(194.7)	**(1,354.5)**	(1,216.0)
Gross profit	**74.5**	91.0	**11.2**	15.3	**85.7**	106.3

3. Revenue recognition

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

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

(i) Sales of motor vehicles

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

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

(ii) Sales of motor related services and commissions

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

Vehicle extended guarantees where the Group is contractually responsible for future claims are accounted for by deferring the guarantee income received along with direct selling costs, and then releasing the income on a straight line basis over the remaining life of the guarantee. Costs in relation to servicing the extended guarantee income are expensed to the statement of comprehensive income as incurred. The Group has not sold any of these policies in the current or prior period but continues to release income in relation to legacy sales.

Vehicle extended guarantees and asset protection ('GAP insurance') where the Group is not contractually responsible for future claims, are accounted for by recognising the commissions attributable to Motorpoint at the point of sale to the customer.

Where the Group receives finance commission income, primarily arising when the customer uses third-party finance to purchase the vehicle, the Group recognises such income on an 'as earned' basis.

The assessment is based on whether the Group controls the specific goods and services before transferring them to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods or services.

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

4. Operating profit

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

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

5. Income tax expense

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

Reconciliation of the total tax charge

The tax charge in the statement of comprehensive income in the year differs from (FY22: differs from) the charge which would result from the standard rate of corporation tax in the UK of 19% (FY22: 19%):	**2023** **£m**	2022 £m
(Loss) / profit before taxation	**(0.3)**	21.5
(Loss) / profit before taxation at the standard rate of corporation tax of 19% (FY22: 19%)	**(0.1)**	4.1
Tax effect of:		
– Fixed asset differences	**0.3**	0.3
– Expenses not deductible for tax purposes	**0.2**	0.1
– Adjustment in respect of prior years	**(0.1)**	0.3
– Re-measurement of deferred tax for changes in tax rates	**–**	(0.2)
Tax charge in the consolidated statement of comprehensive income	**0.3**	4.6

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

Amounts recognised directly in equity

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

Factors affecting current and future tax charges

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

6. Earnings per share

Basic and diluted EPS are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of Ordinary Shares during the year.

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

Diluted EPS (pence)	**(0.7)**	18.7

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

The shares for the PSP20 scheme, RSA21 and RSA22 have performance criteria which have not been met so the options are not yet dilutive. There is a maximum of 1,142,392 additional options which have not been included in the dilutive calculation in relation to these schemes.

	2023	2022
Weighted average number of Ordinary Shares in Issue ('000)	**90,190**	90,190
Adjustment for share options ('000)	**–**	69
Weighted average number of Ordinary Shares for diluted earnings per share ('000)	**90,190**	90,259

7. Borrowings

The Group's available borrowings consist of an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility. The availability of the revolving credit facility and overdraft was extended in June 2023 to expire in June 2026 (previously May 2024), with the option to further extend for two further one year periods. As at the reporting date £Nil of the revolving credit facility (FY22: £29.0m) and £Nil of the overdraft (FY22: £Nil) was drawn down. The terms of the revolving credit facility and overdraft require a full repayment for a period of at least one day or more in each financial year and half year with no less than one month between repayments.

The finance charge for utilising the facility was dependent on the Group's borrowing ratios as well as the base rate of interest in effect. During the year ended 31 March 2023 interest was charged at 2.4% (FY22: 1.4%) per annum. The interest charged for the year of £0.4m (FY22: £0.3m) has been expensed as a finance cost.

8. Share capital

	2023		2022	
	Number '000	**Amount £m**	Number '000	Amount £m
Allotted, called up and fully paid Ordinary Shares of 1p each				
Balance at the end of the year	**90,190**	**0.9**	90,190	0.9

There are currently no shares held in treasury for use to satisfy employee share plan obligations. Shares are held on behalf of employees within the Employee Benefit Trust (EBT).

The Group does not have a limited amount of authorised capital.

9. Post balance sheet events

Arrangements relating to the unsecured loan facility provided by Santander UK PLC (£35.0m split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility) were extended in June 2023 to June 2026 (previously May 2024), with the option to extend for two further one year periods if agreed by both parties.

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

ALTERNATIVE PERFORMANCE MEASURES "APMs"

Earnings before interest, taxation, depreciation and amortisation (EBITDA)

	2023	2022
	£m	£m
(Loss) / profit before taxation	**(0.3)**	21.5
Finance expense	**7.1**	3.5
Depreciation	**9.0**	7.3
Amortisation	**0.4**	–
EBITDA	**16.2**	32.3

Return on capital employed (ROCE)

	2023	2022
Operating profit (£m)	**6.8**	25.0
Average of opening and closing net assets (£m)	**39.2**	33.5
ROCE	**17.3%**	74.6%

Net cash / (debt) excluding lease liabilities

	2023	2022
	£m	£m
Cash and cash equivalents	**5.6**	7.8
Bank borrowings	**–**	(29.0)
Net cash / (debt)	**5.6**	(21.2)