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Vertu Motors PLC
14 May 2025

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Vertu Motors plc ('Vertu', 'Group')

Final results for the year ended 28 February 2025

Operational excellence driving resilient results in challenging market conditions

Robust cash generation and significant cost reductions delivered

Strong start to new financial year

Vertu Motors plc, the UK automotive retailer with a network of 198 sales and aftersales outlets, announces its final results for the year ended 28 February 2025 ('Year').

Commenting on the results, Robert Forrester, Chief Executive Officer, said:

'With challenging market conditions during the Year which saw the lowest new retail car market for 25 years, we have focused on the things we can control and delivered increased new retail electric vehicle sales ahead of the market and strong performances in used cars and aftersales. In addition, cash generation was robust in the second half with net debt levels reduced compared to market expectations. In anticipation of Government related cost pressures effective 1 April 2025, the business undertook a significant cost reduction programme to fully offset the impacts and position the Group for the future.

Trading in March and April has been stronger than the prior year, as the UK retail new car market improved from its lows and the Group continued to focus on operational excellence. Our high margin Aftersales business has sustained its robust performance.'

FINANCIAL SUMMARY

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

HIGHLIGHTS

- Adjusted[1] profit before tax of £29.3m (FY24: £34.7m), in line with current market expectations. Profits reduced year-on-year due to a weak new car retail market in the UK and pressures arising from the Government Zero Emission Vehicle ('ZEV') mandate. The Group outperformed the UK new retail market gaining market share including Battery Electric Vehicle ('BEV') retail sales.
- £10m annualised additional cost from April 2025, arising from Autumn Budget, fully offset by cost reduction actions completed during the Year.
- Aftersales delivered a strong performance, with like-for-like revenue up 5.8% and gross profit up £12.3m in the Core Group compared to FY24.
- Used gross margin grew to 7.1% (FY24: 6.8%) in the Core Group, with margin expansion below expectations due to reduced consumer confidence.

- Significant £45.8m cash inflow from working capital delivered in second half, driving strong year-end cash position.
- Active portfolio management with disposal of £5.6m of non-core assets at aggregate £1.1m premium to book value and addition of new Chinese OEM outlets.
- Net debt[2] of £66.6m as at 28 February 2025, lower than market expectations (FY24: Net debt: £54.0m).
- Final Dividend of 1.15p per share recommended, bringing full year dividend to 2.05p per share (FY24: 2.35p).
- Net tangible assets per share of 72.9p (FY24: 70.5p).
- £4.8m returned to shareholders via repurchase of 7.5m shares during the Year.

CURRENT TRADING AND OUTLOOK

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

[1] Adjusted to remove non-underlying items (share-based payments charges and amortisation have been included in underlying items and parts revenues on vehicle preparation excluded from external revenues in both years).

[2] Excludes lease liabilities, includes used vehicle stocking loans

Webcast details

Vertu management will make a webcast available for analysts and investors this morning on the Group's website https://investors.vertumotors.com/results/

For further information please contact:

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CHAIRMAN'S STATEMENT

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

There were several noteworthy highlights:

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

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

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

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

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

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Andy Goss, Chairman

[3] Adjusted to remove non-underlying items

CHIEF EXECUTIVE'S REVIEW

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

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

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

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

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

- **National network**

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

- **Strong Manufacturer relationships**

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

- **In-House systems**

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

- **Stable committed management team**

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

- **Customer base**

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

- **Resilient aftersales operations**

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

- **Balance sheet**

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

- **Values-based Group**

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

Strategy Summary

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

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

Execution of Group Strategy

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

Developing the scale of the Group

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

Acquisitions

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

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

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

Multi-franchising and new outlets

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

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

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

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

Other franchising activities are set out below:

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

Active Portfolio Management

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

Following a strategic review of returns, the Group decided to exit two businesses. In early 2025, the Group closed

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

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

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

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

Digitalisation Developments

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

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

- **Adapting to evolving consumer behaviour**

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

- **Customer Data Platform (CDP)**

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

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

- **Group Internal Auction**

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

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

- **Efficiency in administrative and financial processing**

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

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

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

Recruiting, Retaining, Engaging and Developing Colleagues

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

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

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

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

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

Sector Trends

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

1. Electrification

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

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

As a result of industry pressure, in late 2024 the Government commenced a consultation process with the

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

2. Chinese Entrants

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

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

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

3. Tariffs

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

- Manufacturer partners of the Group which have a strong presence in the US market are vulnerable to the new 25% import tariffs due to the impact on volumes and margins. This may impact their financial success and therefore their ability to support UK volumes and retailers. The automotive industry is already under pressure and the move by the US does not help an already stretched global sector.
- Global motor Manufacturers may seek to move volumes away from the US to other markets in the world such as the UK. This may lead to a higher new car market in the UK going forward, but with pressure on margins.

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

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

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

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

CURRENT TRADING AND OUTLOOK

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

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

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

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

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

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

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

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

- **Outlook**

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

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

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

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

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

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

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

Robert Forrester, CEO

CHIEF FINANCIAL OFFICER'S REVIEW

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

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

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

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

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

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

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

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

Revenue and Gross Profit by Department

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

TOTAL GROUP			CORE GROUP		
FY25	**FY24**	**Variance**	**FY25**	**FY24**	**Variance**

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

[6] Aftersales margin expressed on internal and external revenues

[7] Parts revenue on vehicle preparation previously included as external revenue has been removed from revenue and cost of sales.

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

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

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

[8] Source SMMT

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

New retail cars and Motability sales

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

UK car registrations grew 1.2% in the year to 28 February 2025. This overall growth was driven entirely by fleet sales (including Motability sales), which represented almost 60% of all new vehicle registrations. These sales represent lower margin channels for Manufacturers and retailers. The higher margin UK private market channel declined by 7.4%, with retail registrations lower than during the pandemic, or the preceding 25 years. This reduction reflects

7.4%, with retail registrations lower than during the pandemic, or the preceding 25 years. This reduction reflects consumer hesitation toward BEVs, affordability issues, and more limited availability of petrol and diesel vehicles as Manufacturers sought compliance with the ZEV Mandate percentage targets over driving volume. The Group saw like-for-like new retail vehicle volumes decline by 3.9% when compared to the prior year, which was significantly better than the retail market decline in registrations over the same period of 7.4%.

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

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

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

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

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

Fleet & Commercial vehicle sales

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

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

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

Used retail vehicles

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

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

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

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

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

Aftersales

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

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

[10] includes internal and external revenues

[11] Aftersales margin expressed on internal and external revenues

- *Service*

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

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

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

- *Parts*

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

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

- *Accident and Smart Repair*

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

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

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

- *Fuel Forecourt*

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

Operating Expenses

A summary of Group operating expenses is set out below:

	FY25	FY24	FY25 variance to FY24	
	£'m	£'m	£'m	%
Salary costs	260.0	248.4	11.6	4.7%
Vehicle and valeting costs	56.4	52.6	3.8	7.2%
Property costs and depreciation	55.4	55.4	-	-
Other (including IT)	50.1	49.8	0.3	0.6%
Marketing costs	34.3	39.7	(5.4)	(13.6%)
Share based payments and amortisation	2.7	3.0	(0.3)	(10.0%)
Core Group operating expenses	**458.9**	**448.9**	**10.0**	**2.2%**
Core Group operating expenses as a % of Core	[illegible]	[illegible]		[illegible]

Group revenues	***10.0%***	***9.8%***		***0.2%***
Acquisitions and start-up operations	20.1	4.7	15.4	
Disposals	1.5	6.2	(4.7)	
Group net underlying operating expenses	**480.5**	**459.8**	**20.7**	**4.5%**
Operating expenses as a % of revenue	***10.1%***	***9.8%***		***0.3%***

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

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

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

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

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

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

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

Non-Underlying Operating Expenses

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

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

The changes to the minimum wage and National Insurance contributions announced in the Autumn Budget in October 2024 will add c.£10m to the Group's labour costs in FY26. To offset these significant cost increases, the Group acted to reduce headcount and undertake other cost actions on a proactive basis. This was achieved through various measures, including a targeted headcount reduction programme and the closure of two dealerships. This led to a headcount reduction of approximately 290 colleagues representing 3.8% of the workforce. Moreover, outstanding vacancies of around 250 jobs were not actioned immediately after the Autumn statement. The associated termination costs of £2.8m have been included in non-underlying costs due to the scale and one-off nature of this initiative.

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

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

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

Net Finance Charges

Net finance charges are analysed below:

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

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

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

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

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

Pension Costs

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

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

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

Tax Payments

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

Cash Flows

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

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

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

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

Financing and Capital Structure

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

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

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

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

Capital Allocation

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

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

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

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

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

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

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

Karen Anderson, CFO

CONSOLIDATED INCOME STATEMENT (AUDITED)

For the year ended 28 February 2025

	Note	Underlying items 2025	Non-underlying items 2025 (Note 2)	Total 2025	Underlying items 2024 (as restated - Note 1)	Non-underlying items 2024 (as restated - Note 1)	Total 2024 (as restated - Note 1)
		£'000	£'000	£'000	£'000	£'000	£'000
Revenue		4,763,926	-	4,763,926	4,686,280	-	4,686,280
Cost of sales		(4,230,992)	-	(4,230,992)	(4,170,200)	-	(4,170,200)

Gross profit		**532,934**	**-**	**532,934**	**516,080**	**-**	**516,080**
Operating expenses		(480,528)	(4,569)	(485,097)	(459,879)	(160)	(460,039)
Operating profit / (loss)		**52,406**	**(4,569)**	**47,837**	**56,201**	**(160)**	**56,041**
Finance income	3	1,103	-	1,103	1,254	-	1,254
Finance costs	3	(24,190)	-	(24,190)	(22,728)	-	(22,728)
Profit / (loss) before tax		**29,319**	**(4,569)**	**24,750**	**34,727**	**(160)**	**34,567**
Taxation	4	(7,576)	929	(6,647)	(9,012)	158	(8,854)
Profit / (loss) for the year attributable to equity holders		**21,743**	**(3,640)**	**18,103**	**25,715**	**(2)**	**25,713**
Basic earnings per share (p)	5			**5.48**			**7.60**
Diluted earnings per share (p)	5			**5.10**			**7.11**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (AUDITED)

For the year ended 28 February 2025

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

CONSOLIDATED BALANCE SHEET (AUDITED)

As at 28 February 2025

	2025 £'000	2024 £'000
Non-current assets		
Goodwill and other indefinite life assets	135,506	129,092
Other intangible assets	1,557	1,971
Retirement benefit asset	3,895	2,477
Property, plant and equipment	357,453	335,295
Right-of-use assets	83,734	72,886
Derivative financial instruments	147	203
Total non-current assets	**582,292**	**541,924**
Current assets		
Inventories	816,939	761,996
Trade and other receivables	98.951	93.702

Current tax assets	-	203
Cash and cash equivalents	72,647	70,599
	988,537	926,500
Property assets held for sale	7,921	7,881
Total current assets	**996,458**	**934,381**
Total assets	**1,578,750**	**1,476,305**
Current liabilities		
Trade and other payables	(940,541)	(869,931)
Current tax liabilities	(148)	-
Deferred consideration	(1,000)	-
Contract liabilities	(11,753)	(13,400)
Borrowings	(5,081)	(4,395)
Lease liabilities	(19,182)	(17,710)
Total current liabilities	**(977,705)**	**(905,436)**
Non-current liabilities		
Deferred income tax liabilities	(26,097)	(22,024)
Contract liabilities	(8,435)	(10,075)
Borrowings	(134,133)	(120,183)
Lease liabilities	(74,829)	(65,214)
Total non-current liabilities	**(243,494)**	**(217,496)**
Total liabilities	**(1,221,199)**	**(1,122,932)**
Net assets	**357,551**	**353,373**
Capital and reserves attributable to equity holders of the Group		
Ordinary share capital	33,010	33,760
Share premium	124,939	124,939
Other reserve	10,645	10,645
Hedging reserve	80	220
Treasury share reserve	(4,812)	(2,056)
Capital redemption reserve	6,717	5,967
Retained earnings	186,972	179,898
Total equity	**357,551**	**353,373**

CONSOLIDATED CASH FLOW STATEMENT (AUDITED)

For the year ended 28 February 2025

	Note	2025 £'000	2024 £'000
Cash flows from operating activities			
Operating profit		47,837	56,041
Profit on sale of property, plant and equipment		(1,168)	(516)
Profit on lease modification		(47)	(411)
Amortisation of other intangible assets		558	568
Depreciation of property, plant and equipment		18,201	17,449
Depreciation of right-of-use asset		20,239	18,254
Impairment of freehold land and buildings		524	-
Impairment of goodwill		-	128
Movement in working capital		6,986	16,708
Share based payments charge		1,890	1,965
Cash inflow from operations		**95,020**	**110,186**
Tax received		1,328	552
Tax paid		(6,462)	(5,296)
Finance income received		984	1,099
Finance costs paid		(24,233)	(22,576)
Net cash inflow from operating activities		**66,637**	**83,965**
Cash flows from investing activities			
Acquisition of businesses, net of cash, overdrafts and borrowings acquired		(10,961)	(5,966)
Acquisition of freehold and long leasehold land and buildings		(2,230)	(3,003)
Purchases of intangible assets		(145)	(253)
Purchases of other property, plant and equipment		(24,611)	(23,686)
Proceeds from disposal of businesses		-	204
Proceeds from disposal of property, plant and equipment		5,575	3,589
Net cash outflow from investing activities		**(32,372)**	**(29,115)**

Cash flows from financing activities			
Proceeds from borrowings	7	12,526	-
Repayment of borrowings	7	(8,097)	(29,836)
Principal elements of lease repayments		(19,954)	(18,183)
Purchase of treasury shares		(4,000)	-
Sale of treasury shares		46	115
Cash settled share options		-	(109)
Repurchase of own shares		(4,784)	(7,463)
Dividends paid to equity holders		(7,954)	(7,759)
Net cash outflow from financing activities		**(32,217)**	**(63,235)**
Net increase / (decrease) in cash and cash equivalents	7	**2,048**	**(8,385)**
Cash and cash equivalents at beginning of year		70,599	78,984
Cash and cash equivalents at end of year		**72,647**	**70,599**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (AUDITED)

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	Tota equit £'00
As at 1 March 2024	33,760	124,939	10,645	220	(2,056)	5,967	179,898	353,
Profit for the year	-	-	-	-	-	-	18,103	18,
Actuarial gains on retirement benefit obligations	-	-	-	-	-	-	1,471	1,
Tax on items taken directly to equity	-	-	-	47	-	-	(368)	(3
Fair value losses	-	-	-	(187)	-	-	-	(1
Total comprehensive income for the year	-	-	-	(140)	-	-	19,206	19,
Sale of treasury shares	-	-	-	-	1,244	-	(1,198)	
Purchase of treasury shares	-	-	-	-	(4,000)	-	-	(4,(
Repurchase of own shares	-	-	-	-	-	-	(4,870)	(4,8
Cancellation of repurchased shares	(750)	-	-	-	-	750	-	
Dividends paid	-	-	-	-	-	-	(7,954)	(7,9
Share based payments charge	-	-	-	-	-	-	1,890	1,
As at 28 February 2025	**33,010**	**124,939**	**10,645**	**80**	**(4,812)**	**6,717**	**186,972**	**357,**

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

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

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

All issued shares are fully paid.

For the year ended 29 February 2024

	Ordinary share capital £'000	Share premium £'000	Other reserve £'000	Hedging reserve £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	To equ £'0
As at 1 March 2023	34,894	124,939	10,645	133	(2,653)	4,833	168,586	341,
Profit for the year	-	-	-	-	-	-	25,713	25,
Actuarial losses on retirement benefit obligations	-	-	-	-	-	-	(737)	(7
Tax on items taken directly to equity	-	-	-	(29)	-	-	184	
Fair value gains	-	-	-	116	-	-	-	
Total comprehensive income for the year	-	-	-	87	-	-	25,160	25,
Sale of treasury shares	-	-	-	-	597	-	(482)	
Repurchase of own shares	-	-	-	-	-	-	(7,463)	(7,4
Cancellation of repurchased shares	(1,134)	-	-	-	-	1,134	-	
Dividends paid	-	-	-	-	-	-	(7,759)	(7,7
Share based payments charge	-	-	-	-	-	-	1,856	1,
As at 29 February 2024	**33,760**	**124,939**	**10,645**	**220**	**(2,056)**	**5,967**	**179,898**	**353,**

NOTES

For the year ended 28 February 2025

1. Basis of preparation

Vertu Motors plc is a Public Limited Company which is listed on the AiM market 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.

Whilst the financial information included in this announcement has been computed in accordance with UK IFRS, this announcement does not itself contain sufficient information to comply with UK IFRS. The Group audited consolidated financial statements that comply with IFRS will be published on the Group's website, www.vertumotors.com.

The financial information presented for the years ended 28 February 2025 and 29 February 2024 does not constitute the Company's statutory accounts as defined in Section 434 of the Companies Act 2006 but is derived from those financial statements. The auditors' reports on the 2025 and 2024 financial statements were unqualified. A copy of the statutory accounts for 2024 has been delivered to the Registrar of Companies. Those for 2025 will be delivered following the Company's annual general meeting, which will be convened on 25 June 2025.

Going concern

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

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

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.

Accounting policies

The annual consolidated financial statements of Vertu Motors plc are prepared in accordance with UK IFRS.

The accounting policies adopted in this report can be found on our website, www.vertumotors.com, and are consistent with those of the Group's financial statements for the year ended 29 February 2024, with the exception of the changes to accounting policies and classification of expenses outlined below.

Changes to accounting policies and classification of expenses

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

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

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

Segmental information

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

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

Year ended 28 February 2025

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

Year ended 29 February 2024
(as restated - Note 1)

	Revenue £'000	Revenue Mix %	Gross Profit £'000	Gross Profit Mix %	Gross Margin %
Aftersales *	380,180	8.1	218,437	42.3	43.5
Used cars	1,816,230	38.8	122,504	23.7	6.7
New car retail and Motability	1,452,508	31.0	119,547	23.2	8.2
New fleet and commercial	1,037,362	22.1	55,592	10.8	5.4
	4,686,280	**100.0**	**516,080**	**100.0**	**11.0**

* 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

2. Non-underlying items

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

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

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

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

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

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

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

3. Finance income and costs

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

4. Taxation

	2025 £'000	2024 £'000
Current tax		
Current tax charge	5,896	6,437
Adjustment in respect of prior years	(943)	(440)
Total current tax	**4,953**	**5,997**
Deferred tax		
Origination and reversal of temporary differences	1,409	2,393

Adjustment in respect of prior years	285	411
Rate differences	-	53
Total deferred tax	**1,694**	**2,857**
Income tax expense	**6,647**	**8,854**

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

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

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

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

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

5. 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 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 included in the notes to the consolidated statement of changes in equity.

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

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

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

	2025 £'000	2024 (as restated - Note 1) £'000
Profit attributable to equity shareholders	18,103	25,713
Non-underlying loss after tax (note 4)	3,640	2
Underlying earnings attributable to equity shareholders	**21,743**	**25,715**
Weighted average number of shares in issue ('000s)	330,599	338,355
Potentially dilutive shares ('000s)	24,117	23,376

	2025	2024
Diluted weighted average number of shares in issue ('000s)	**354,716**	**361,731**
Basic earnings per share	**5.48p**	**7.60p**
Diluted earnings per share	**5.10p**	**7.11p**
Basic underlying earnings per share	**6.58p**	**7.60p**
Diluted underlying earnings per share	**6.13p**	**7.11p**

6. Dividends per share

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

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

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

	2025 £'000	**2024 £'000**
Net increase / (decrease) in cash and cash equivalents	2,048	(8,385)
Cash inflow from proceeds of borrowings	(12,526)	-
Cash outflow from repayment of borrowings	8,097	29,836
Cash movement in net debt	**(2,381)**	**21,451**
Borrowings acquired	(10,569)	-
Capitalisation of loan arrangement fees	520	186
Amortisation of loan arrangement fees	(246)	(184)
Decrease / (increase) in accrued loan interest	88	(76)
Non-cash movement in net debt	**(10,207)**	**(74)**
Movement in net debt (excluding lease liabilities)	**(12,588)**	**21,377**
Opening net debt (excluding lease liabilities)	(53,979)	(75,356)
Closing net debt (excluding lease liabilities)	**(66,567)**	**(53,979)**
Lease liabilities at 1 March	(82,924)	(83,457)
Capitalisation of new leases	(32,277)	(20,586)
Disposal of lease liabilities	1,236	2,936
Interest element of lease repayments (note 3)	(4,060)	(3,457)
Cash outflow from lease repayments	24,014	21,640
Lease liabilities at 28 February	**(94,011)**	**(82,924)**
Closing net debt (including lease liabilities)	**(160,578)**	**(136,903)**

8. Business combinations

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

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

9. Post balance sheet events

On 1 March 2025, the Group acquired The Union Motor Company Limited, an authorised repairer for London Electric Vehicle Company (LEVC) based in Edinburgh. Estimated consideration of £370,000 (net of cash acquired) subject to finalisation of completion accounts, including a £500,000 payment in respect of goodwill, was settled from existing cash resources.

On 31 March 2025, the Group disposed of a surplus property held for sale located in Dorchester. The disposal generated cash proceeds of £1,250,000, in line with the asset's carrying value.

On 2 April 2025, the Group completed the rebranding of its dealerships operating under the Bristol Street Motors trading name, which now operate under the Vertu Motors trading name. This follows the rebrand of the Group's Macklin Motors dealerships in Scotland, during the year ended 28 February 2025. All Group dealerships now operate under the Vertu Motors trading name. There are no intangible assets associated with either the Macklin Motors or Bristol Street Motors trading names.

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