

# Motorpoint Group PLC FY21 Unaudited Interim Results

26<sup>th</sup> November 2020

**Motorpoint Group PLC**  
("Motorpoint", the "Company" or the "Group")

## Interim Results

### *Strong return from lockdown, well positioned to drive market share growth*

Motorpoint, the leading independent omni-channel vehicle retailer in the UK, today announces its unaudited interim results for the six months ended 30 September 2020 (FY21 H1).

#### Financial highlights

- Revenue decreased 27% to £387.7m (FY20 H1: £533.9m) reflecting the enforced closure of retail branches and preparation centres in April to June.
- Operating expenses decreased 16% to £24.3m (FY20 H1: £29.1m).
- EBITDA<sup>(1)</sup> improved 4% to £14.0m (FY20 H1: £13.4m).
- Profit before tax increased 3% to £9.7m (FY20 H1: £9.4m) reflecting strong trading upon all retail branches fully reopening in June and July.
- Gross margin increased to 9.1% (FY20 H1: 7.5%) following strong customer demand and increased stock turn.
- Basic earnings per share increased 10% to 8.8p (FY20 H1: 8.0p).
- No interim dividend is proposed, dividend policy remains under review (FY20 H1: 2.6p)
- Government support received during closure through Coronavirus Job Retention Scheme and Business Rates relief. All taxes that could be deferred were paid in full by 30 September.
- Maintained strong cash flow from operations conversion<sup>(2)</sup> of 159% (FY20 H1: 233%).
- Robust balance sheet, with no structural debt and net cash of £13.6m at 30 September 2020.

#### Operational highlights

- Significant acceleration of Online sales growth in period; accounting for over 40% of sales in H1.
- Home Deliveries represented 20% of Online sales in September.
- 14-day money back guarantee launched for all online customers.
- Successful roll-out of free nationwide Home Delivery service across all branches as well as a 'Contactless Collection' service to extend our 'Reserve and Collect' e-commerce offering.
- Decisive and swift actions taken upon lockdown to preserve cash, reduces costs and subsequently reopened all branches successfully.
- Comprehensive roll-out of social distancing and safety measures to protect our teams and customers.
- Continued improvements to vehicle preparation speed and cost with FY20 H2 improvements now embedded.
- Market share growth following full reopening of all branches.
- Senior team remuneration voluntarily reduced to maintain all lower paid team members at 100% of earnings throughout closure.
- Supported over 500 NHS workers across the UK through £300 purchase discount.
- 13<sup>th</sup> branch (Swansea) performing ahead of expectations.
- 14<sup>th</sup> branch (Stockton on Tees) on schedule to open late December 2020.

(1) Calculated as operating profit of £11.1m adding back depreciation of £2.9m (FY20 H1: Operating profit of £11.1m adding back depreciation of £2.3m)

(2) Calculated as cash generated from operations of £17.7m divided by operating profit of £11.1m (FY20 H1: Cash generated from operations of £25.9m divided by operating profit of £11.1m)

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## Outlook

Management remain confident that the Group's digitally underpinned Home Delivery and Reserve & Collect offerings will continue to service our existing customers and access new markets. Our leading brand and compelling customer proposition of Car Buying Made Easy will continue to offer unrivalled Choice, Value, Service and Quality irrespective of whether the chosen purchase method is online or at a branch.

Given the uncertainty of future demand and margin levels caused by the ongoing impact of Covid-19 no earnings guidance will be provided at this time.

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

"During a very challenging period, I am exceptionally proud of how the Group has responded. Through operational rigour and a focus on e-commerce solutions, the Group delivered an improvement in profit before tax against the prior year, despite a complete closure during the UK-wide lockdown from March 24<sup>th</sup>, and order fulfilment limited to home delivery only from May 21<sup>st</sup>. Since fully reopening all branches in July, demand levels have exceeded management's expectations and indeed the prior year performance. Margins have also been above recent levels, reflecting strong customer demand and continued improvements in vehicle preparation speed and marketing effectiveness.

The enforced closure of all branches resulted in substantial trading losses in April and May. Actions taken during the closure to preserve cash and reduce costs included suspending capital projects, reducing discretionary spending, furloughing a large proportion of our team and all of our Senior team Leadership Team and Board members taking voluntary pay reductions to help maintain our lowest paid team members at 100% of earnings. The Group returned to profitability in June.

The Group has demonstrated its agility to respond quickly to changing trading conditions. We accelerated our investment in our digital offering through the rollout of our free national Home Delivery service and a streamlined, contactless Reserve and Collect option for the majority of customers who still want to view their car before completing their purchase. These initiatives, alongside the incredible hard work of our team and the strengths of our market-leading platform, resulted in online sales growth that outpaced our branch sales growth in the remainder of H1 and grew to 43% of sales in the three months to 30 September 2020, a volume increase of 39%. Our free Home Delivery service represented 8% of total sales in the same period, from zero only six months ago. The increase in demand has meant that we have created around 30 additional preparation and customer service logistics roles since reopening.

As a result of this strong trading since reopening, the Group delivered a profit before tax for the six months to 30 September ahead of the prior year. This underlines the strength and agility of the Motorpoint business model, its high-quality digital offering and the Group's ability to react quickly to external challenges while maintaining its industry leading customer proposition. Notwithstanding the challenging macroeconomic backdrop, we look to the future with confidence as we continue to innovate and build on the strengths of our low-cost, independent, flexible operating model and leading brand to drive further market share growth."

## Analyst Webinar

A virtual meeting for sell-side analysts will be held at 09:30am today, the details of which can be obtained from FTI Consulting.

Enquiries:

**Motorpoint Group PLC**  
Mark Carpenter, Chief Executive Officer

**via FTI Consulting**

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Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

### Notes to editors

Motorpoint is the leading independent omni-channel vehicle retailer in the United Kingdom. The Group's principal business is the sale of nearly-new vehicles, the majority of which are up to two years old and which have covered less than 15,000 miles. Motorpoint sells vehicles from brands representing over 95 per cent of new vehicle sales in the United Kingdom, with models from Ford, Vauxhall, Volkswagen, Nissan, Hyundai, Audi and BMW being amongst the top sellers. The Group operates from 13 retail branches across the United Kingdom; Derby, Burnley, Glasgow, Newport, Peterborough, Chingford, Birmingham, Widnes, Birtley, Castleford, Oldbury, Sheffield and Swansea; together with a national contact-centre dealing with online enquiries.

More information is available at [www.motorpointplc.com](http://www.motorpointplc.com) and [www.motorpoint.co.uk](http://www.motorpoint.co.uk).

### Cautionary Statement

This announcement contains unaudited information and forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward looking statements. Motorpoint undertakes no obligation to revise or update any forward-looking statement contained within this announcement, regardless of whether those statements are affected as a result of new information, future events or otherwise, save as required by law and regulations.

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## FINANCIAL REVIEW

The Key Performance Indicators for the Group for the current period and comparative periods are outlined below.

Group KPI (post IFRS 16)	6 months to 30 September 2020	6 months to 30 September 2019	Change
Revenue	<b>£387.7m</b>	£533.9m	-27.4%
Gross profit	<b>£35.4m</b>	£40.2m	-11.9%
EBITDA <sup>(1)</sup>	<b>£14.0m</b>	£13.4m	+4.5%
Operating profit	<b>£11.1m</b>	£11.1m	-%
Gross profit to operating expenses <sup>(2)</sup> ratio	<b>146%</b>	138%	+8pp
Profit Before Tax	<b>£9.7m</b>	£9.4m	+3.2%
Cash flow from operations	<b>£17.7m</b>	£25.9m	-31.7%
Cash flow from operations conversion <sup>(3)</sup>	<b>159%</b>	233%	- 74pp
Net cash and cash equivalents	<b>£13.6m</b>	£10.3m	+32%
Basic Earnings per Share (p) <sup>(4)</sup>	<b>8.8</b>	8.0	+10.0%
Number of branches	<b>13</b>	12	+1

(1) Calculated as operating profit of £11.1m adding back depreciation of £2.9m (FY20 H1: Operating profit of £11.1m adding back depreciation of £2.3m).

(2) Calculated as gross profit of £35.4m divided by operating expenses of £24.3m (FY20 H1: Gross profit of £40.2m divided by operating expenses of £29.1m).

(3) Calculated as cash generated from operations of £17.7m divided by operating profit of £11.1m (FY20 H1: Cash generated from operations of £25.9m divided by operating profit of £11.1m).

(4) Calculated by dividing the earnings attributable to equity shareholders by the number of ordinary shares in issue at the reporting date.

Despite the ongoing Covid-19 pandemic, the Group improved profit before tax compared to the same period last year and generated cash flow from operations of £17.7m, equating to a cash flow from operations conversion of 159% (FY20 H1: 233%), resulting tight cash controls during the period and a further improvement in stock turn.

The Group's banking facilities include a committed £20m facility provided by Santander UK PLC which was undrawn as at the reporting date. An additional £15m uncommitted overdraft facility was agreed with Santander UK PLC to help support working capital and potential short-term cash impacts from any market disruption during the Coronavirus pandemic. As at 30 September 2020, the Group was supported by stocking facilities provided by Lombard of £26m and Black Horse Limited of £75m of which £80.5m was drawn in total.

## OPERATIONAL REVIEW

Motorpoint's strategy is delivered through its retail branches and its e-commerce platforms of Motorpoint.co.uk and Auction4Cars.com. The Group's strategy is threefold; (i) to achieve organic sales growth at existing branches (ii) to increase digital sales through our e-commerce offering, and (iii) to open new branches to expand into new markets across the UK.

The opening of Swansea in January 2020 was our eighth new branch in eight years. These new branches continue to mature in line with our expectations with all branches, including the latest addition in Swansea, which achieved a positive contribution in the period. Expanding our branch network to around 20 locations in the UK in the medium-term remains our target with management continuing to evaluate opportunities for our next retail branch locations. Our 14<sup>th</sup> branch, in Stockton On Tees, is due to open in December 2020.

The Group continues to evolve its operating model with the introduction of our first dedicated preparation centre during FY20 and the opening of Swansea and Stockton On Tees as sales only branches. The Group has further focussed its vehicle preparation by moving preparation activities away from some of our smaller branches to other, larger, nearby branches. This change creates economies of scale within preparation and also makes best use of the retail capacity within the smaller locations allowing us to better service our

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customers, providing them with increased choice. As a result the Group has seen an increased speed of preparation contributing towards improved gross margins.

### MOTORPOINT VIRTUOUS CIRCLE

Motorpoint's operating model revolves around our three key stakeholders; our team, our customers and our shareholders. Our vision to offer our customers unrivalled Choice, Value, Service and Quality along with supporting business plans are aligned to our Virtuous Circle. The actions of everyone within Team Motorpoint, regardless of role, are underpinned by a common mind-set, our behaviours and our values of being proud, supportive, honest and happy.

Our values are our DNA and we are immensely proud of them. They epitomise what Motorpoint is about and are a very powerful tool in driving our engagement and performance levels.

### TEAM

We believe that by supporting our team, encouraging employee engagement, and driving a common set of values as part of our everyday activities our employees will remain motivated and driven to succeed. Through having engaged and happy employees, each of our customers receives a positive experience. We continue to learn from every interaction as we strive for continual improvement in what we deliver to our customers.

The Group furloughed all branch-based employees during March 2020 as well as the majority of head office staff. In addition to utilising the Government's Coronavirus Job Retention Scheme, all of our senior team took voluntary pay reductions to ensure that lower paid team members could continue to receive 100% of their earnings.

Further evidence of the strong cultural values within the Group is demonstrated by our continued inclusion within The Sunday Times Top 100 Mid-Sized Companies to Work For for the sixth consecutive year. Our interim scores from October 2020 show a further improvement in our Team engagement.

To support our team engagement, we continue to offer a number of share schemes including an annual Performance Share Plan for senior staff, a Share Incentive Plan and an annual Save As You Earn scheme open to all of our team.

### CUSTOMERS

The second part of our Virtuous Circle focuses on the customer and our customer proposition of Car Buying Made Easy by providing unrivalled Choice, Value, Service and Quality.

Our key measures of service are NPS (Net Promoter Score) and our Feefo and Google ratings, and to ensure our level of customer service is appropriate, all commissions and bonus schemes throughout the business are tied to customer satisfaction.

Metric	6 months to 30 September 2020	12 months to 31 March 2020	6 months to 30 September 2019
<b>NPS</b>	72%	81%	81%
<b>Feefo</b>	4.3/5	4.5/5	4.5/5
<b>Google</b>	4.5/5	4.4/5	4.6/5

Customer satisfaction in the current period was lower than the same period last year driven primarily by the first two months of trade on re-opening from lockdown. Strong demand placed substantial pressure on our team as materially higher volumes than expected were prepared and sold. A concerted effort to increase preparation capacity and improve our customer journey gradually improved our NPS scores to 79% in September, just short of last year's H1 average and 82% in October.

The Group's investment in our marketing team reflects a continued commitment to understanding our customer base, ensuring that our product and service offering delivers on our goal to make car buying easy. While the introduction of free nationwide Home Delivery, contactless 'Reserve & Collect' for online orders and unaccompanied test drives reflect our versatility within an evolving market, we continue to recognise that the

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majority of our customers still want to browse our impressive choice of vehicles in person, with customers able to take advantage of our popular same day driveaway service.

### DIVIDEND

The Group is not declaring an interim dividend for FY21 (FY20 H1: 2.6p) due to the ongoing Covid-19 pandemic and its potential impact on future demand. The business continues to be cash generative and our dividend policy will be kept under review.

### RECENT MARKET TRENDS

Motorpoint's core proposition is the sale of low mileage, nearly new cars, the vast majority of which are up to two years old and have covered fewer than 15,000 miles. The Group's remaining sales are from vehicles that have covered up to 30,000 miles and are under 4 years old as well as Light Commercial Vehicles.

The Group's business model continues to evolve in an ever-changing marketplace, notably demonstrated in the period by our swift enhanced digital offering through a free national Home Delivery service as well as a "Contactless collection" option. We are dedicated to providing all of our customers with a service and product offering which suits them.

With the ongoing pandemic and Brexit nearly upon us there are inherent uncertainties surrounding consumer demand in the short term, however we remain confident that our current business model and the dedication of our Team will allow us to continue to take market share. Despite the obvious challenges within the current economic climate, Motorpoint continues to strive to deliver for all key stakeholders.

### OUTLOOK

The H2 outlook has been impacted by the regional and subsequent national 4-week lockdown in England, as well as the 17 day 'firebreak' lockdown in Wales from late October. Beyond these measures, the existing restrictions in place surrounding Covid-19 are likely to continue to put pressure on H2 volumes as a result of diminished consumer confidence and customer mobility restrictions.

It is also worth noting that the Government's Brexit negotiations could further influence our future performance in unpredictable ways.

Despite this, management remain confident that the Group's digitally underpinned Home Delivery and Reserve & Collect offerings will continue to service our existing customers and help us access new markets. Our leading brand and compelling customer proposition of Car Buying Made Easy will continue to offer unrivalled Choice, Value, Service and Quality irrespective of whether the chosen purchase method is online or at a branch.

### RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE FY21 UNAUDITED INTERIM RESULTS

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

A list of current Directors and their biographies is maintained on the Motorpoint Group PLC website [www.motorpointplc.com](http://www.motorpointplc.com)

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**By order of the Board**

Mark Carpenter  
Chief Executive Officer  
26<sup>th</sup> November 2020

## Motorpoint Group PLC FY21 Unaudited Interim Results

### Condensed Consolidated Income Statement

For the six months ended 30 September 2020

	Note	Unaudited Six Months ended 30 September 2020 £m	Unaudited Six Months ended 30 September 2019 £m	Year ended 31 March 2020 £m
<b>Revenue</b>	5	387.7	533.9	1,018.0
Cost of sales		(352.3)	(493.7)	(939.1)
<b>Gross profit</b>		35.4	40.2	78.9
Operating expenses		(24.3)	(29.1)	(56.6)
<b>Operating profit</b>		11.1	11.1	22.3
<b>Finance costs</b>	6	(1.4)	(1.7)	(3.5)
<b>Profit before tax</b>		9.7	9.4	18.8
Taxation	7	(1.8)	(1.9)	(3.6)
Profit and total comprehensive income for the period/year attributable to equity holders of the parent		7.9	7.5	15.2
<b>Earnings per share</b>				
Basic	9	8.8p	8.0p	16.4p
Diluted	9	8.7p	7.9p	16.4p

The Company's activities all derive from continuing operations.

The Company has no other comprehensive income. Total comprehensive income for the period/year is equal to the profit for the financial period/year and is all attributable to the shareholders of the Company.

# Motorpoint Group PLC FY21 Unaudited Interim Results

## Condensed Consolidated Balance Sheet

As at 30 September 2020

	Note	30 September 2020 (unaudited) £m	30 September 2019 (unaudited) £m	31 March 2020 £m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10	18.3	13.8	18.9
Right-of-use assets	11	41.3	41.7	41.6
Deferred tax assets		1.3	1.6	1.3
<b>Total non-current assets</b>		<b>60.9</b>	<b>57.1</b>	<b>61.8</b>
<b>Current assets</b>				
Inventories		102.5	82.1	111.8
Trade and other receivables	12	6.0	7.9	4.4
Current tax receivable		1.1	0.2	0.9
Cash and cash equivalents		13.6	10.3	10.8
<b>Total current assets</b>		<b>123.2</b>	<b>100.5</b>	<b>127.9</b>
<b>TOTAL ASSETS</b>		<b>184.1</b>	<b>157.6</b>	<b>189.7</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowings		-	-	(10.0)
Lease liabilities	13	(2.8)	(2.0)	(2.3)
Trade and other payables	14	(108.1)	(91.9)	(111.6)
Contract liabilities		-	(0.8)	(0.2)
Provisions	15	-	(0.2)	(0.2)
Current tax liabilities		-	-	-
<b>Total current liabilities</b>		<b>(110.9)</b>	<b>(94.9)</b>	<b>(124.3)</b>
<b>NET CURRENT ASSETS</b>		<b>12.3</b>	<b>5.6</b>	<b>3.6</b>
<b>Non-current liabilities</b>				
Lease liabilities	13	(43.1)	(43.5)	(43.1)
Provisions	15	(2.1)	(1.7)	(2.1)
Contract liabilities		-	(0.1)	-
<b>Total non-current liabilities</b>		<b>(45.2)</b>	<b>(45.3)</b>	<b>(45.2)</b>
<b>TOTAL LIABILITIES</b>		<b>(156.1)</b>	<b>(140.2)</b>	<b>(169.5)</b>
<b>NET ASSETS</b>		<b>28.0</b>	<b>17.4</b>	<b>20.2</b>
<b>EQUITY</b>				
Share capital		0.9	0.9	0.9
Capital redemption reserve		0.1	0.1	0.1
Capital reorganisation reserve		(0.8)	(0.8)	(0.8)
Retained earnings		27.8	17.2	20.0
<b>TOTAL EQUITY</b>		<b>28.0</b>	<b>17.4</b>	<b>20.2</b>

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## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

### Six Months Ended 30 September 2020 (Unaudited)

Note	Share capital £m	Capital redemption reserve £m	Retained earnings £m	Capital Reorganisation Reserve £m	Total equity £m
At 1 April 2020	0.9	0.1	20.0	(0.8)	20.2
Profit and total comprehensive income for the period	-	-	7.9	-	7.9
IFRS 2 Share Based Payment	-	-	(0.1)	-	(0.1)
At 30 September 2020	0.9	0.1	27.8	(0.8)	28.0

### Six Months Ended 30 September 2019 (Unaudited)

Note	Share capital £m	Capital redemption reserve £m	Retained earnings £m	Capital Reorganisation Reserve £m	Total equity £m
At 1 April 2019	1.0	-	25.8	(0.8)	26.0
Profit and total comprehensive income for the period	-	-	7.5	-	7.5
Share-based payments	-	-	(0.2)	-	(0.2)
<b>Transactions with shareholders</b>					
Buy back and cancellation of shares	(0.1)	-	(11.1)	-	(11.2)
Final dividend for the year ended 31 March 2020	-	-	(4.7)	-	(4.7)
At 30 September 2019	0.9	-	17.3	(0.8)	17.4

### Year Ended 31 March 2020

Note	Share capital £m	Capital redemption reserve £m	Retained earnings £m	Capital Reorganisation Reserve £m	Total equity £m
At 1 April 2019	1.0	-	25.8	(0.8)	26.0
Profit and total comprehensive income for the year	-	-	15.2	-	15.2
Share-based payments	-	-	(0.9)	-	(0.9)
<b>Transactions with shareholders</b>					
Buy back and cancellation of shares	(0.1)	0.1	(13.1)	-	(13.1)
Final dividend for the year ended 31 March 2019	-	-	(4.7)	-	(4.7)
Interim dividend for the year ended 31 March 2020	-	-	(2.3)	-	(2.3)
At 31 March 2020	0.9	0.1	20.0	(0.8)	20.2

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## Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2020

	Note	Unaudited Six Months ended 30 September 2020 £m	Unaudited Six Months ended 30 September 2019 £m	Year ended 31 March 2020 £m
<b>Cash flows from operating activities</b>				
Cash generated from operations	16	17.7	25.9	33.2
Interest paid		(1.4)	(1.7)	(3.5)
Income tax paid		(2.0)	(4.2)	(6.4)
<b>Net cash generated from operating activities</b>		14.3	20.0	23.3
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment		(0.3)	(6.2)	(12.3)
<b>Net cash used in investing activities</b>		(0.3)	(6.2)	(12.3)
<b>Cash flows from financing activities</b>				
Dividends	8	-	(4.7)	(7.0)
Payments to acquire own shares		-	(11.2)	(13.1)
Payments to satisfy employee share plan obligations		-	-	(0.9)
Repayment on leases		(1.2)	(1.4)	(3.0)
Proceeds from borrowings		-	-	29.0
Repayment of borrowings		(10.0)	-	(19.0)
<b>Net cash used in financing activities</b>		(11.2)	(17.3)	(14.0)
<b>Net increase/(decrease) in cash and cash equivalents</b>		2.8	(3.5)	(3.0)
Cash and cash equivalents at the beginning of the period		10.8	13.8	13.8
<b>Cash and cash equivalents at end of period/year</b>		13.6	10.3	10.8
Net cash and cash equivalents comprises:				
Cash at bank		13.6	10.3	10.8

The notes form an integral part of these Condensed Consolidated Interim Financial Statements.

# Motorpoint Group PLC FY21 Unaudited Interim Results

## 1. Basis of Preparation

Motorpoint Group PLC ('the Company') is incorporated and domiciled in the UK. The address of the registered office is Chartwell Drive, West Meadows Industrial Estate, Derby, DE21 6BZ. The Condensed Consolidated Interim Financial Statements of the Company as at and for the six months ended 30 September 2020 comprise the Company and its subsidiaries, together referred to as the "Group".

The Condensed Consolidated Interim Financial Statements for the six months ended 30 September 2020 are unaudited and the auditors have not performed a review in accordance with ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

### Going concern

The Interim financial statements are prepared on a going concern basis. The Group regularly reviews market and financial forecasts, and has reviewed its trading prospects in its key markets. As a result of Coronavirus the Group operations were closed for 6 weeks from late March to the end of April. Subsequent to the interim period end the Group's Wales based sites were subject to a two week closure and its England based sites are presently closed as part of a four week Government imposed lockdown. All of these closures directly impact upon short term performance and liquidity. The Group took immediate actions during April 2020 to limit the impact of the first closures and have secured additional finance facilities, including an uncommitted £15.0m overdraft, to support operational cash flows if required. During the later periods of closure the Group is taking similar actions to reduce cash outflows while maintaining a reduced sales level through home delivery and contactless collections.

The Board has reviewed the latest forecasts of the Group, including the impact of multiple future site closures, and considered the obligations of the financing arrangements.

The board have considered a stressed budget position, which models significantly reduced sales volumes in the short and medium term, reflecting periods of site closures through Winter months. The actions which management have already taken to control costs have been factored into this scenario, including the utilisation of certain Government support initiatives. Whilst this stressed scenario places additional pressures on both cash flow and profitability, the Group ultimately expects to return to normal levels of volume upon reopening.

The period considered for going concern purposes is a minimum of 12 months from the date of signing the accounts.

The board have taken a reverse stress test approach in considering the going concern status of the Group, reducing volumes to the point at which the Group is either no longer compliant with banking covenants or depletes liquid resources required to continue trading, whichever is earlier. Plausible mitigating actions were built into the model including; reducing spend on specific variable cost lines including marketing and site trading expenses, team costs most notably sales commissions, pausing new stock commitments and extending the period for which expansionary capital spend and share buybacks are suspended. All of these actions could conceivably be performed within and throughout the going concern period.

In light of the immediate impacts, including the period of temporary site closure, the Group has already taken extensive actions to minimise the impact on short term cash flows; reducing capital expenditure, furloughing team members, suspending the share buyback programme and reducing all non-essential spend. The Group is making use of the Government's Coronavirus Job Retention Scheme and continues to work closely with its banking partners, notably in securing an additional uncommitted £15m overdraft facility with Santander UK PLC. As this is an uncommitted facility all of our downside planning has excluded the ability to draw these funds.

The Directors have considered the speed with which the Group returned to previous levels of sales volumes following the previous site closures to provide additional assurance around the continuing viability of the business. While at present ten of the Groups sites remain closed, the continued sales through home delivery and contactless collections provide further comfort to the continuing strength of the Group in an active market.

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Given the continued historical liquidity of the Group and sufficiency of reserves and cash in the stressed scenarios modelled, the Board has concluded that the Group has adequate resources to continue in operational existence over the going concern period and into the foreseeable future thereafter. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

### **New accounting standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim financial statements are the same as those set out in the Group's annual financial statements for the year ended 31 March 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

## **2. Statement of Compliance**

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union. The financial information included does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ('the Act') and do not include all the information required for full annual financial statements. Accordingly, they should be read in conjunction with the Annual Report and Financial Statements of Motorpoint Group PLC for the year ended 31 March 2020 which are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These condensed consolidated interim financial statements were approved by the Board of Directors on 25 November 2020.

## **3. Significant Accounting Policies**

The same accounting policies, presentation and methods of computation which were followed in the preparation of the Annual Report and Financial Statements for Motorpoint Group PLC for the period ended 31 March 2020 have been applied to these Condensed Consolidated Interim Financial Statements where applicable. The accounting policies and details of new standards adopted in the year ended 31 March 2020 are listed in the Motorpoint Group PLC Annual Report and Financial Statements on pages 82-88.

## **4. Comparative Figures**

The comparative figures for the financial year ended 31 March 2020 are extracted from the Motorpoint Group PLC Annual Report and Financial Statements for that financial year. The accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Act.

The comparative figures for the six month period ended 30 September 2019 are as reported in the prior year and were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union.

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### 5. Segment Reporting and Revenue

The Company's reportable operating segment is considered to be the United Kingdom operations. The Company's chief operating decision maker is considered to be the Board of Directors.

Revenue represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. Revenue is measured at the fair value of the consideration receivable, when it can be reliably measured, and the specified recognition criteria for the sales type have been met.

The transaction price is determined based on periodically reviewed prices and are separately identified on the customer's invoice. There are no estimates of variable consideration.

#### (i) Sales of motor vehicles

Revenue from sale of motor vehicles is recognised when the control has passed, that is, when the vehicle has been collected by the customer. Payment of the transaction price is due immediately when the customer purchases the vehicle.

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

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

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

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

Where the Group receives finance commission income, primarily arising when the customer uses third-party finance to purchase the vehicle, the Group recognises such income on an 'as earned' basis. Under IFRS 15, the assessment will be based on whether the Group controls the specific goods and services before transferring them to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods or services.

## Motorpoint Group PLC FY21 Unaudited Interim Results

### 5. Segment Reporting and Revenue (continued)

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sale of motor vehicles	<p>The Group sells nearly new vehicles to retail customers. Revenue is recognised at the point the vehicle is collected by the customer. The satisfaction of the performance obligation occurs on delivery or collection of the product.</p> <p>The Group sells vehicles acquired through retail customer trade-ins to trade customers through their website auction4cars. Vehicles do not leave the premises until they are paid for in full and therefore the revenue and the profit are recognised at the point of sale. The satisfaction of the performance obligation occurs on collection of the vehicle.</p> <p>The Group operates a return policy which is consistent with the relevant consumer protection regulations.</p>
Sales of motor related services and commissions	<p>The Group receives commissions when it arranges finance, insurance packages, extended warranty and paint protection for its customers, acting as agent on behalf of a limited number of finance, insurance and other companies. For finance and insurance packages, commission is earned and recognised as revenue when the customer draws down the finance or commences the insurance policy from the supplier which coincides with the delivery of the product or service. Commissions receivable are paid typically in the month after the finance is drawn down. For extended warranty and paint protection, the commission earned by the Group as an agent is recognised as revenue at the point of sale on behalf of the Principal.</p> <p>The Group offered an Extended Guarantee for either 12 or 24 months, which commenced from the end of the manufacturer's warranty period. The revenue is deferred until the start of the policy period, and then released on a straight-line basis over the policy term. Any directly attributable costs from the sale (e.g. sales commission) are also deferred and released over the same period. Customer claims are taken to the Income Statement as they are incurred during the policy term.</p>

	<b>Six Months ended 30 September 2020 £m</b>	Six Months ended 30 September 2019 £m	Year ended 31 March 2020 £m
Revenue from sale of motor vehicles	370.2	506.4	965.5
Revenue from motor related services and commissions	15.7	22.9	45.8
Revenue recognised that was included in deferred income at the beginning of the period – Sale of motor vehicles	1.3	1.9	3.3
Revenue recognised that was included in deferred income at the beginning of the period – Motor related services and commissions	0.5	2.0	2.0
Revenue recognised that was included in the contract liability balance at the beginning of the period – Extended guarantee income	–	0.7	1.4
<b>Total Revenue</b>	<b>387.7</b>	<b>533.9</b>	<b>1,018.0</b>

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### 6. Finance Cost

	<b>Six Months ended 30 September 2020</b>	Six Months ended 30 September 2019	Year ended 31 March 2020
	<b>£m</b>	£m	£m
Interest on bank borrowings	-	-	0.2
Interest on stocking finance facilities	0.6	0.8	1.7
Other interest payable	0.8	0.9	1.6
<b>Total finance costs</b>	<b>1.4</b>	<b>1.7</b>	<b>3.5</b>

### 7. Taxation

The tax charge for the period is provided at the effective rate of 18.6% (FY20 H1: 20%) representing the best estimate of the average annual tax rate for the full year profit.

### 8. Dividends

	<b>Six Months ended 30 September 2020</b>	Six Months ended 30 September 2019	Year ended 31 March 2020
	<b>£m</b>	£m	£m
Final dividend for the year ended 31 March 2019	-	4.7	4.7
Interim dividend for the year ended 31 March 2020	-	-	2.3
<b>Total dividends</b>	<b>-</b>	<b>4.7</b>	<b>7.0</b>

## Motorpoint Group PLC FY21 Unaudited Interim Results

### 9. 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 at the end of the period.

	<b>Six Months ended 30 September 2020</b>	Six Months ended 30 September 2019	Year ended 31 March 2020
Profit Attributable to Ordinary Shareholders (£m)	7.9	7.5	15.2
Weighted average number of ordinary shares in Issue ('000)	90,190	94,385	92,521
Basic Earnings per share (pence)	8.8	8.0	16.4
Diluted Number of Shares in Issue ('000)	90,453	94,750	92,577
Diluted Earnings per share (pence)	8.7	7.9	16.4

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the SAYE scheme. This is shown below.

The shares for the SIP scheme were issued ahead of vesting. The PSP awards up to and including FY20 have performance criteria which have not been met as at the date of these interim financial statements so the options are not yet deemed dilutive. Those shares for PSP that have met the criteria and those awarded in FY21 as Restricted Share Awards may be considered dilutive, however at present the Company is not intending to satisfy these by way of fresh issue of shares.

	<b>Six Months ended 30 September 2020</b>	Six Months ended 30 September 2019	Year ended 31 March 2020
Weighted average number of ordinary shares in Issue ('000)	90,190	94,385	92,521
Adjustment for share options ('000)	263	365	56
Weighted average number of ordinary shares for diluted earnings per share ('000)	90,453	94,750	92,577

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### 10. Property, plant and equipment

	WIP £m	Land £m	Freehold property £m	Short term leasehold improvement £m	Plant and machinery £m	Fixtures and fittings £m	Office equipment £m	Total £m
At 1 April 2020								
Cost	2.5	6.2	5.9	7.2	1.5	1.3	3.2	27.8
Accumulated depreciation	-	-	(0.1)	(4.3)	(1.0)	(1.1)	(2.4)	(8.9)
Net book value	<b>2.5</b>	<b>6.2</b>	<b>5.8</b>	<b>2.9</b>	<b>0.5</b>	<b>0.2</b>	<b>0.8</b>	<b>18.9</b>
Opening net book value	2.5	6.2	5.8	2.9	0.5	0.2	0.8	18.9
Additions	0.1	-	0.1	-	-	-	0.1	0.3
Depreciation	-	-	(0.1)	(0.4)	(0.1)	(0.1)	(0.2)	(0.9)
Closing net book value	2.6	6.2	5.8	2.5	0.4	0.1	0.7	18.3
At 30 September 2020								
Cost	2.6	6.2	6.0	7.2	1.5	1.3	3.3	28.1
Accumulated depreciation	-	-	(0.2)	(4.7)	(1.1)	(1.2)	(2.6)	(9.8)
Net book value	<b>2.6</b>	<b>6.2</b>	<b>5.8</b>	<b>2.5</b>	<b>0.4</b>	<b>0.1</b>	<b>0.7</b>	<b>18.3</b>

### 11. Right of use assets

	Six Months ended 30 September 2020 £m	Six Months ended 30 September 2019 £m	Year ended 31 March 2020 £m
Right of use assets			
Balance brought forward	41.6	42.6	42.6
Additions	1.7	0.7	2.4
Depreciation charge	(2.0)	(1.6)	(3.4)
	<b>41.3</b>	<b>41.7</b>	<b>41.6</b>

## Motorpoint Group PLC FY21 Unaudited Interim Results

### 12. Trade and other receivables

	<b>30 September 2020 £m</b>	30 September 2019 £m	31 March 2020 £m
<b>Due within one year</b>			
Trade receivables	3.9	4.2	3.0
Other receivables	0.5	0.3	1.0
Prepayments	1.4	2.2	0.3
Accrued income	0.2	1.2	0.1
	<b>6.0</b>	<b>7.9</b>	<b>4.4</b>

The Directors' assessment is that the fair value of trade and other receivables is equal to the carrying value.

### 13. Lease liabilities

	<b>Six Months ended 30 September 2020 £m</b>	Six Months ended 30 September 2019 £m	Year ended 31 March 2020 £m
<b>Lease liabilities</b>			
Balance brought forward	45.4	46.2	46.2
Additions to lease liabilities	1.7	0.7	2.2
Repayment of lease liabilities (including interest element)	(2.0)	(2.2)	(4.6)
Interest expense related to lease liabilities	0.8	0.8	1.6
	<b>45.9</b>	<b>45.5</b>	<b>45.4</b>
<b>Current</b>	<b>2.8</b>	<b>2.0</b>	<b>2.3</b>
<b>Non-current</b>	<b>43.1</b>	<b>43.5</b>	<b>43.1</b>
	<b>45.9</b>	<b>45.5</b>	<b>45.4</b>

### 14. Trade and other payables

#### Due less than 1 year

	<b>30 September 2020 £m</b>	30 September 2019 £m	31 March 2020 £m
Trade payables			
- Trade creditors	6.8	6.5	10.6
- Stocking finance facilities	80.5	66.1	86.1
Other taxes and social security			
- VAT payable	3.2	4.4	1.4
- PAYE/NI payable	0.8	0.7	0.8
Accruals	16.8	14.2	12.7
	<b>108.1</b>	<b>91.9</b>	<b>111.6</b>

The Directors' assessment is that the fair value of trade and other payables is equal to the carrying value.

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### 15. Provisions

	<b>30 September 2020 £m</b>	30 September 2019 £m	31 March 2020 £m
Make good provision <sup>1</sup>	1.9	1.7	1.9
Onerous leases <sup>2</sup>	0.2	0.2	0.4
	<b>2.1</b>	<b>1.9</b>	<b>2.3</b>
<b>Current</b>	<b>-</b>	<b>0.2</b>	<b>0.2</b>
<b>Non-current</b>	<b>2.1</b>	<b>1.7</b>	<b>2.1</b>
	<b>2.1</b>	<b>1.9</b>	<b>2.3</b>

(1) Make good provision

Motorpoint Limited is required to restore the leased premises of its retail stores to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of right-of-use assets and are amortised over the shorter of the term of the lease and the useful life of the assets.

(2) Onerous leases

The Group operates across a number of locations and if there is clear indication that a property will no longer be used for its intended operation, a provision may be required based on an estimate of potential liabilities for periods of lease where the property will not be used at the end of the reporting period, to unwind over the remaining term of the lease.

### 16. Cash flow from operations

	<b>Six Months ended 30 September 2020 £m</b>	Six Months ended 30 September 2019 £m	Year ended 31 March 2020 £m
<b>Profit for the year, attributable to equity shareholders</b>	7.9	7.5	15.2
Adjustments for:			
Taxation charge	1.8	1.9	3.6
Finance costs	1.4	1.7	3.5
<b>Operating profit</b>	<b>11.1</b>	<b>11.1</b>	<b>22.3</b>
Share Based Compensation Charge	(0.1)	(0.2)	(0.1)
Loss on disposal of property, plant and equipment	-	-	0.1
Depreciation charge	2.9	2.3	5.0
<i>Cash flow from operations before movements in working capital</i>	<b>13.9</b>	<b>13.2</b>	<b>27.3</b>
Decrease/(Increase) in inventory	9.3	34.1	4.4
(Increase)/Decrease in trade and other receivables	(1.6)	5.1	8.6
(Decrease)/Increase in trade and other payables	(3.9)	(26.5)	(7.1)
<b>Cash generated from operations</b>	<b>17.7</b>	<b>25.9</b>	<b>33.2</b>

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### 17. Share buybacks

Movements in the issued share capital during the period are shown in the table below:

	30 September 2020 Shares '000	30 September 2020 £m	31 March 2020 Shares '000	31 March 2020 £m
Shares in issue at start of period / year	90,190	0.9	96,166	1.0
Brought back and cancelled	-	-	(5,976)	(0.1)
Brought back and held as treasury shares	-	-	(5)	-
Released from treasury to satisfy employee share plan obligations	-	-	5	-
<b>Shares in issue at end of period / year</b>	<b>90,190</b>	<b>0.9</b>	<b>90,190</b>	<b>0.9</b>

The total cost of shares purchased for cancellation as shown in the Statement of Changes in Equity was £nil (FY20 H1: £11.2m).

### 18. Risks and uncertainties

There are certain risk factors which could result in the actual results of the Group differing materially from expected results. These factors include: the ongoing impact of Covid-19, a negative implication to the Motorpoint brand and customer perception, inability to maintain relationships with suppliers, fluctuation on exchange rate having an impact on vehicle pricing, economic conditions impacting trading, market driven fluctuations in vehicle values, litigation and regulatory risk, failure of Group information and systems, and availability of credit and vehicle financing.

All other principal risks are consistent with those detailed in the Motorpoint Group PLC Annual Report and Financial Statements. The Board continually reviews the risk factors which could impact on the Group achieving its expected results and confirm that the above principal factors will remain relevant for the final six months of the Financial Year ended 31 March 2021.