15 June 2022

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

Final Results

Record revenue and earnings per share; strong market outperformance; encouraging progress on strategic objectives

Motorpoint Group PLC, the UK's leading independent omnichannel vehicle retailer, today announces its final results for the year ended 31 March 2022 ("FY22").

Financial KPIs	**Year ended 31 March 2022**	Year ended 31 March 2021	Change
Revenue	**£1,322.3m**	£721.4m	+83.3%
Gross profit	**£106.3m**	£62.5m	+70.1%
Operating profit	**£25.0m**	£12.6m	+98.4%
Profit before taxation	**£21.5m**	£9.7m	+121.6%
Basic earnings per share (p)	**18.7p**	8.4p	+122.6%
Return on capital employed (1)	**75%**	53%	+22ppts

(1) Calculated as operating profit of £25.0m (FY21: £12.6m) divided by average of opening (£27.6m) and closing (£39.4m) net assets (FY21: opening £20.2m and closing £27.6m)

FY22 Financial Highlights

- Revenue increased 83.3% to £1,322.3m (FY21: £721.4m), due to a combination of market share growth and vehicle price inflation
- Profit before taxation increased 121.6% to £21.5m (FY21: £9.7m), even with ongoing investment in technology, people and marketing to execute on our strategy
- Basic earnings per share increased 122.6% to 18.7p (FY21: 8.4p)
- Return on capital employed increased from 53% to 75%, reflecting increased profitability and operational efficiency, and our capital light asset programme

FY22 Operational and Strategic Highlights

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

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

The Group had a very successful year, both in terms of delivering excellent operating results and progressing on its strategic objectives.

Operational KPIs	**Year ended 31 March 2022**	Year ended 31 March 2021	Change
Market share (0-4 year old)	**3.1%**	2.4%	+0.7ppts
Average market share within 30 min drive time of branch	**7.7%**	5.5%	+2.2ppts
Revenue	**£1,322.3m**	£721.4m	+83.3%
Retail	**£1,112.3m**	£593.8m	+87.3%
Wholesale	**£210.0m**	£127.6m	+64.6%
E-commerce revenue	**£624.9m**	£437.1m	+43.0%
Vehicles sold	**97.7k**	67.5k	+44.7%
Retail	**62.9k**	43.1k	+45.9%
Wholesale	**34.8k**	24.4k	+42.6%
Days in stock	**54**	67	-13 days
Retail gross profit per unit	**£1,446**	£1,254	+15.3%
Customer acquired vehicles	**11.3k**	3.6k	+213.9%
Customer acquisition cost per retail unit(1)	**£300**	£163	+£137
People cost per retail unit(1)	**£552**	£594	-£42
Number of market locations (at year end)	**17**	14	+3
Stocking facility	**£195.0m**	£106.0m	+£89.0m

(1) Total marketing cost/ people cost per retail unit sold

Sales Momentum

- Group share of the 0-4 year old market was 3.1% (FY21: 2.4%). The Q4 FY22 share was 3.4% (Q4 FY21: 1.9%)
- Clear correlation between market share and unprompted brand awareness

Digital Growth and New Capabilities

- E-commerce revenue grew to £624.9m (FY21: £437.1m) with 60% of overall unit volumes coming from online channels demonstrating the strength of the Group's E-commerce offering and transformation to a digitally led business
- Auction4Cars.com successfully upgraded to operate as a digital marketplace with third party vendors now active
- Successful launch of fully automated digital first consumer car buying service. During FY22 17.9% of retail vehicles sold were sourced directly from consumers (including part exchange) (FY21: 8.3%)
- Website traffic improved by 15% year on year, with improvements across a full range of online marketing metrics, with unsubscribe rates dropping further to just 0.1%

- Significant capability upgrades in the period, and associated investment in people, technology and marketing with increased use of A.I. helping to influence buying patterns and create customised marketing campaigns

Extending Infrastructure Scale

- Three new market area locations opened in strategically significant regions (Manchester, Maidstone and Portsmouth), taking the total number to 17, with further locations secured post year end. Our new branch programme is capital light
- Motherwell preparation centre opened during August 2021, which adds more than 20,000 units to retail capacity; retail preparation capacity now in excess of 120,000 units per annum (on a single shift basis)

Stakeholder Excellence

- Net Promoter Score ('NPS') further improved to a record 84 (H2 FY21: 83)
- Placed in the Top 100 for the eighth successive year in The Best Large Companies to Work for, and again placed Number One in the Automotive sector
- Established ESG Committee to be chaired by Non-Executive Director Adele Cooper and launched what we believe is an industry leading initiative, purchasing carbon credits to completely offset the first year of emissions for each vehicle sold by Motorpoint

As a result of our strong performance in key strategic areas, the Group has made good progress towards its target of delivering £2bn of total annual revenue in the medium term as well as the other strategic targets set out last year.

Outlook

The impacts of rising inflation and worldwide vehicle supply chain challenges are likely to continue to affect our markets and all industry participants. In general, rising inflation is putting increasing pressure on discretionary spending power and consumer sentiment, and this position has worsened since the start of our new financial year. This is very likely to reduce overall sales and transactions in our markets. Further, supply chain shortages will continue to limit new car production in the near term, which in turn constrains the supply of used cars that fit our nearly new criteria. The precise extent to which these factors will impact consumer behaviour and our markets is increasingly difficult to predict.

At the same time, the used car market is evolving rapidly and becoming more complex. Many traditional competitors are changing their models, refocusing and diversifying, while several other large and well-capitalised players are entering our markets and competing aggressively, albeit not all of them are proving successful business models. The Board sees further consolidation as likely over time as changing market dynamics continue to play out.

Within the context of this uncertain environment and evolving competitive landscape, Motorpoint has continued to perform strongly and made substantial progress towards its medium term strategic goals. We have a strong track record of gaining market share in difficult times, since price leadership is crucial and continues to serve us well, both now and will continue to do so in the future. We have demonstrated that our strategy is working and will continue to invest in our customer proposition in order to gain market share in a relatively weakened competitive landscape. Given the Group's proven track record of profitability and proactively responding to market conditions, alongside our capital light model and robust balance sheet, the Board is confident in its decision to continue to progress towards its medium term strategic goals. This continued investment, much of which is variable and hence adaptable to market conditions, will position the Group in a stronger position with a bigger market share when the current macro headwinds subside.

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

"Motorpoint is a unique business with world class capabilities and knowledge in the used car ecosystem. We have always successfully adapted our business to meet every challenge and remain profitable since our inception 24 years ago. I am extremely pleased with the progress we have made on our medium term strategic objectives and am convinced Motorpoint will be a winner in these rapidly evolving markets.

We are building a market leader with a disciplined operating culture, and we are confident in the plan we laid out a year ago. Despite the ongoing uncertainty, we will continue to invest in our business with the consumer front of mind, in order to realise our long term ambition of increased market share through price leadership, while remaining profitable.

Our team continue to inspire me with their passion for our business and our customers and I'd like to thank them for building such an impressive business. We have achieved significant growth and market share gains in the year; our price leadership, strong customer service and focus on maintaining a highly engaged team will continue to substantially grow the business in the years ahead."

Analyst & investor webinar

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

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Inside information: This announcement contains inside information as defined in Article 7 of the retained EU law version of the Market Abuse Regulation No 596/2014 ("UK MAR") and has been announced in accordance with the Company's obligations under Article 17 of UK MAR.

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

Notes to editors

Motorpoint is the UK's leading independent E-commerce led omnichannel vehicle retailer, focused on giving retail and trade customers the easiest, most affordable and seamless way of buying, selling and financing their car whether online, in-store or a combination of both. Through its leading B2C platform Motorpoint.co.uk and UK network of 17 sales and collection branches, the Group provides an unrivalled offering in the nearly new car market, where consumers can effortlessly browse, buy or finance their next car and collect or have it delivered directly to their homes. Motorpoint's purely online wholesale platform Auction4Cars.com sells vehicles into the wholesale B2B market that have been part exchanged by retail customers, or purchased directly from them by the Group as part of its online car buying service. Motorpoint's diversified business model, underpinned by its established brand, industry leading technology and sophisticated marketing infrastructure, always delivers the best choice, value, service and quality for customers. The Group is proud to have been recognised for eight consecutive years as one of the Top 100 Best Companies to Work For and for the second consecutive year the Number One in the Automotive sector.

Chair's statement

Introduction

During my first few months as Chair, I have spent time with fellow Board members and the Senior Leadership Team, immersing myself in the Head Office and across the branch network, as well as the UK used car industry more generally. I have been incredibly impressed by what I have seen so far. There is no doubt that Motorpoint is a responsible, well operated and profitable business, with unparalleled expertise in the UK's used car market.

These are important assets in the current environment and provide solid foundations to support our emerging plans for long term growth.

Ambition, opportunity and execution

It was Motorpoint's ambition and the scale of the market opportunity that initially attracted me to the business. The Group has seen significant changes to car buying expectations as consumers increasingly embrace digital content but expect to be able to pick and choose services from among both digital and physical options. The used car retail market has also changed significantly with the arrival of aggressive, well funded 'pure play' E-commerce competitors coupled with many legacy dealers that may resist necessary change. We are excited by the opportunity to lead as the market's largest omnichannel used car retailer and believe we are well positioned for success.

The Group outlined a number of medium term strategic objectives in its FY21 Final Results which included, among other things, to achieve £1bn in online revenue, generate more than £2bn in total revenue and open 12 new branches offering sales, customer service and collection. I have been pleased to see the progress made on these objectives just one year on, with the Group growing overall revenue by 83% to £1.32bn, and E-commerce revenue by 43% to £625m whilst also opening three new branches in strategically significant regions.

Motorpoint's medium term objectives remain a focus, as it embraces the amount and pace of transformational change required for it to seize its growth opportunity in the medium term and beyond. For example it will continue developing new strategic capabilities across the business, and in particular in technology and marketing. The Group has invested significantly in these areas during FY22, recruiting a number of new leaders including a Chief Digital Officer and a technology Board advisor.

The Group has also sought out commercial partners who, along with myself and other Board members, have previous experience in leading digital and transformational change which will lend itself to Motorpoint's transition to a digitally led business. Embracing technology is essential for the future of the business, and will help us redefine and evolve our exceptional customer experience and leading value proposition for a digital age.

A responsibly minded business

Motorpoint has made great strides in progressing its ESG strategy, propelling the Group towards being a more responsible business. The recently established ESG Board Committee, and appointment of a third party advisor who has consulted with us on how to measure and maximise our emission reductions, reinforces our commitment to operating in a sustainable manner. The Group looks forward to providing regular progress updates.

Value creation

I would like to thank all of my new colleagues at Motorpoint, at our Head Office and across the branch network, for their continued hard work and commitment. Whilst the current macroeconomic environment and related pressures facing UK consumers are obvious, I am excited by the opportunity in front of us and confident that Motorpoint is well positioned to deliver significant shareholder value in the long term.

John Walden
Chair
15 June 2022

Chief Executive's statement

Overview

We continue to offer our customers every possible way of buying a vehicle to ensure everyone can access our outstanding price leadership proposition. In addition, during the year we successfully launched our car buying service to increase our supply channels as new car supply continues to remain subdued.

I am especially pleased with our achievements in the year. We have successfully navigated unprecedented vehicle inflation and widely documented supply shortages. These shortages undoubtedly limited our growth, yet we still managed to deliver revenue and profit before taxation growth of 83% and 122% respectively, and our retail unit volumes grew by 46% on FY21. We also continued to grow our market share, to 3.1% of the 0-4 year old market (FY21: 2.4%).

Strong progress has been made on our medium term strategic targets, with three new branches opened successfully in the second half of FY22, namely Manchester, Maidstone and Portsmouth in addition to our new preparation centre in Motherwell, Scotland.

In line with our objective to leverage E-commerce platforms to expand our supply channels, the Motorpoint car buying service is now a fully automated digital first offering and payments are made to sellers within minutes of the vehicle being received. Our Auction4Cars.com trading platform has also now been successfully upgraded to operate as an automated marketplace to include third party vendors. This is being fully launched to further new vendors in FY23 and will enable them to auction their own vehicles digitally.

Execution of these strategic objectives provides further evidence of Motorpoint's agility and entrepreneurialism to design, test and implement new initiatives at pace as market opportunities arise. Motorpoint is leveraging its exceptional industry knowledge to continue increasing its market share across all channels, accelerated by investment in digital transformation.

Our ambitions for the business are growing and we see substantial shareholder value creation and therefore we are increasing our investment levels further in both our customer proposition and our investment in technology and building our brand. We are more convinced than ever that our price leadership, strong customer satisfaction and highly engaged team are winning in an increasingly competitive market.

Our operating model begins with our team

The last two years or so has been unprecedented, and our team has been exemplary in their commitment to the business throughout these difficult times. Our team continues to inspire me and I am grateful for their passion, energy and enthusiasm for our brand.

Our operating model of how our key stakeholders interact is well understood by our team and is covered in detail, usually by myself, with every new starter when they attend our induction programme. The Motorpoint Virtuous Circle combined with our Values of Proud, Happy, Honest and Supportive continue to provide a robust framework for explaining how we get things done and what factors to consider when decisions are required. Our team also has an opportunity to ask open questions and understand key decisions in their interaction with our Senior Leadership Team, who host Team Forums at each branch, or virtually, every month. Many of the improvement areas in the business are found in these sessions and our team often has a creative solution to issues we are facing whether they be people, customer or operational challenges. We also ensure each member of our team has a one on one meeting with their Manager each month, to ensure pastoral and performance conversations happen regularly, which contributes to our ongoing high levels of employee engagement.

The learning and development of our people is vital to the future success of our business. Our new Learning and Development platform launched last year to the entire Company allows individual learning journeys to be created, logged and reviewed.

We believe that the happiness of our team is directly correlated to our customer satisfaction and engagement can be enhanced by giving something back to the team. Our 'One Big Dream' initiative has been a huge success, with our people using two paid hours per month for their own fulfilment.

We continue to have fantastic examples of our team using this time to follow their dreams, whether it be to attend a class or watch their child in a school production. Since 2017 we have committed to being a Real Living Wage employer and we launched our sixth SAYE scheme in the second half of this year, again offering the opportunity to become a Motorpoint shareholder to our entire team, with strong uptake. Finally, none of our team has had to work on their birthday since 2015, something we believe is a great benefit and is unique in the UK.

Our annual participation in the 'bHeard Best Companies to Work For' provides an opportunity for our team to provide honest, valuable feedback on their engagement levels and how we can improve these further. I am proud that we again achieved Top 100 status in The UK's 100 Best Companies to Work For. This is the eighth consecutive year that we have been placed in the Top 100 and is testament to the hard work of our management team in listening and acting on our people's feedback. We were also Number 1 in the Automotive category.

We have a responsibility to improve diversity and inclusion in our industry. We appointed a Head of Recruitment and Inclusion in December 2020 and have continued to advance our plans during the year.

ESG

During the year, the Group made significant progress on its ESG strategy. We recognise that climate change is the most serious challenge currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions. In partnership with an independent third party, a thorough stakeholder engagement process and independent materiality assessment was conducted to ensure we measure and maximise our emission reductions. Through this process, we have been able to understand and then offset through the purchase of carbon credits all our Scope 1 and 2 emissions to be carbon net neutral. Our priority is to continue to reduce our Scope 1 and 2 emissions, and to focus on Scope 3 emissions.

Motorpoint has always been conscious of its sustainability footprint and has recycled vehicle parts such as tyres, batteries and brake discs for many years wherever possible. We have continued our partnership with Go Green to support our drive to become more efficient with the classification and segregation of our waste. The past year has seen 81% of all business waste recycled, and our total waste to landfill figure dropping below 1%. The next financial year will see us make further improvements to reduce our waste to landfill figure.

The Board is also pleased to announce that its recently established ESG Committee will be chaired by Adele Cooper, an existing Non-Executive Director. Adele's role is in addition to the appointment of a specialist Sustainability Manager, who joined the Group in September 2021, to lead on the process outlined above.

Customers

Our highly engaged team continued to deliver our market leading proposition of Choice, Value, Service and Quality to our loyal customers during the period. We have an unerring focus on customer satisfaction. We take it personally when a customer is not happy, as we have failed if this happens, and immediately look to remedy any dissatisfaction. We want our customers to be delighted. Our Net Promoter Score ('NPS') was a record high 84 in FY22 (H2 FY21: 83).

This level of customer loyalty is recognition of our strategy of delivering unrivalled Choice, Value, Service and Quality:

Choice – our unique independent model allows us to source and sell from the broadest range of suppliers, allowing us to flex our offering to achieve the greatest value for our customers. We also launched our digital car buying service in the year, which is another important supply channel for Motorpoint. In the year we have stocked well over 600 models from 38 manufacturers, and we are able to rapidly follow emerging customer preferences, such as through our increasing proportion of hybrid and electric sales. Our range increased in the period with a greater proportion of prestigious vehicles, as well moving into the greater than three year old car market, where we quickly gained market share.

Value – we are an omnichannel vehicle retailer, predicated on working to a high volume and keeping our cost base low. This allows us to share value with our customers, reinforcing our volume model. We offer all customers finance and ancillary product offerings, where we also champion low prices, illustrated by our decision to again reduce our finance APR rates, from 9.9% to 8.9% in October 2021. For higher value vehicles (over £35,000) our APR rate is 7.9%. Our Value proposition continues to appeal during these uncertain times.

Service – service is what will ultimately set us apart in the market. We measure ourselves primarily using NPS – on this measure we have improved again, with a record score of 84 (H2 FY21: 83). We are delighted with this level of customer satisfaction, but are always striving for more, and constantly challenge our processes to make the buying experience as smooth as possible. Motorpoint serves all buyers, whatever their location, and whether they wish to buy online, in person at our branches, or through a fluid combination of both channels.

Motorpoint has become one of a select number of businesses to be included in the brand new Platinum category in recognition for achieving successive years of Feefo Gold Trusted Service status.

Quality – our strategic vision is to ensure that our omnichannel model delivers the same exceptional experience in any channel with which the customer chooses to interact. Our ambition is to be the most trusted automotive retailer, and this means quality across everything we do, with complete focus on our customers' needs.

Strategy Update

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

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

Overall revenue grew 83.3% from £721.4m to £1,322.3m. Around 60% of transaction volumes were online in FY22 (FY21: 69% which was inflated by branch lockdown closures). E-commerce revenue grew to £624.9m (FY21: £437.1m). Consequently, we are ahead of plan to grow revenue to £2bn.

As planned, we invested heavily in the period in capability, technology and marketing. We are excited by our strong progress one year in, and as a result are accelerating our pace of investment in transformational change. We have completed a third party audit of our tech stack, and a future road map has been developed. A significant number of new technology roles have been recruited, with the focus on engineers and enabling our migration to the cloud. Our new Chief Digital Officer was recruited in February 2022, and we are already seeing the benefits this new experience brings as we execute our shift to become an agile, product led digital leader.

We have made significant improvements to our website, email communications and targeted digital marketing activity. Website traffic improved by 15% compared to the same period a year ago, and improvements have been made in all email metrics, with unsubscribe rates dropping to just 0.1%. We have invested in data science tools and talent and this now supports buying and pricing decisions and targeted customer communications; we are excited by the opportunity this brings.

Three new branches opened successfully in the second half of FY22, namely Manchester, Maidstone and Portsmouth, each strategically significant regions for the Group. Our estate has therefore expanded to 17 branches. The future pipeline remains strong and further openings can be expected in FY23 as we expand our geographical footprint to increase market share. Our Motherwell preparation centre, our second dedicated preparation site, opened in August 2021, and has the capacity to prepare 20,000 cars per annum; retail preparation capacity is now in excess of 120,000 units per annum (on a single shift basis) and provides headroom as we grow the business.

In line with our objective to leverage E-commerce platforms to expand our supply channels, the Motorpoint car buying service is now a fully automated digital first offering and payments are made to sellers within minutes of the vehicle being received. This is an area we intend to grow significantly as awareness of our highly competitive offering increases.

During FY22, 17.9% of retail vehicles sold were sourced from consumers (including part exchange) (FY21: 8.3%). Our Auction4Cars.com trading platform has now been successfully upgraded to operate as an automated marketplace to include third party vendors. This will be fully launched to further new vendors in FY23 and will enable them to auction their own vehicles digitally. We are excited by the opportunity this presents and look forward to providing further details in due course.

Motorpoint is an agile business with growing brand awareness, low fixed costs and a compelling operating model that has always offered its customers the best value proposition in the UK used car market. We have always sold cars online, first through a call centre handling online enquiries and now through a fully integrated, end to end digital customer journey. This digital led experience will continue to evolve in accordance with what our customers demand.

Fundamentally, we see this as providing a large choice of high quality vehicles at outstanding value, and with best in class levels of customer service in each market we operate in.

While pursuing these objectives we increasingly appreciate the significant changes to consumer buying expectations and the changes to the marketplace of used car retail. As the largest omnichannel used car retailer, we are excited by the opportunity to lead, but we also embrace the amount and pace of change required at Motorpoint to seize this opportunity.

Mark Carpenter
Chief Executive Officer
15 June 2022

Financial review

Successful year despite industry wide challenges

Despite the well-documented challenges in our industry with unprecedented inflation and new vehicle shortages which limited our growth, the Group had a successful year.

Group financial performance headlines

When branches reopened back in April 2021, we initially experienced record sales and profitability. While demand was still high, revenue started to moderate from June onwards reflecting industry wide stock shortages, although we continued to increase market share in our core market.

Revenue for the full year increased by 83.3% to £1,322.3m (FY21: £721.4m), following strong consumer demand for used vehicles and the Group's continued strong market share gains. FY21 comparatives were impacted by COVID-19. Total vehicles sold were 97.7k (FY21: 67.5k). Gross profit was £106.3m (FY21: £62.5m), an increase of 70.1%. EBITDA, as defined within Alternative Performance Measures at the end of the RNS, increased by 76.5% to £32.3m (FY21: £18.3m). Profit before taxation increased by 121.6% to £21.5m (FY21: £9.7m). This was despite a planned increase in strategic costs, as the business further invested in people, technology and marketing.

Cash at bank increased to £7.8m (FY21: £6.0m) and we utilised £29.0m (FY21: £Nil) of the revolving credit facility at year end. During the year significant vehicle inflation impacted stock valuations, and we accordingly negotiated increases in our stocking facilities from £106.0m at the start of the year to £195.0m by year end. The last tranche of this increase of £30.0m was made available in the last week of the financial year and used in the early part of FY23 to reduce the revolving credit facility balance. By 23 May 2022, the Group returned to a net cash positive position.

Trading performance

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

During the year, Motorpoint launched its car buying service, purchasing cars directly from consumers, and is now a fully automated digital first offering and payments are made to sellers within minutes of the vehicle being received. This is an important enabler to increase the supply of retail vehicles and the volume of transactions through Auction4Cars.com. During FY22, 17.9% of retail vehicles sold were sourced from consumers (including part exchange) (FY21: 8.3%).

	Retail customers		**Wholesale customers**		**Total**	
	Year ended 31 March 2022	Year ended 31 March 2021	**Year ended 31 March 2022**	Year ended 31 March 2021	**Year ended 31 March 2022**	Year ended 31 March 2021
	£m	£m	**£m**	£m	**£m**	£m
Revenue	**1,112.3**	593.8	**210.0**	127.6	**1,322.3**	721.4
Gross profit	**91.0**	54.1	**15.3**	8.4	**106.3**	62.5

Retail

Revenue from retail customers was up 87.3% to £1,112.3m (FY21: £593.8m), with 62.9k vehicles sold. Retail volumes increased by 45.9% over FY21. Due to the reduced supply of vehicles in the market, we expanded our offering from our core market of vehicles under three years old, to include greater than three years old, again showing our ability to successfully adapt at pace to changing market conditions. In the year, our share of the 0-4 year old market increased to 3.1% (FY21: 2.4%). Our average market share within a 30 minute drive time of a branch was 7.7% (FY21: 5.5%).

Gross profit per retail unit for the financial year was £1,446 (FY21: £1,254). In the first half, gross profit per retail unit benefited from increased demand pushing prices up combined with robust internal changes in buying and pricing strategies. After this period of unprecedented month on month inflation, prices stabilised in the second half, albeit at record levels. The Group also continued to focus on internal processes within the vehicle handling and preparation side of the business. Improved speed of preparation, combined with strong cost control, has resulted in efficiencies. This was despite an increased cost of preparing vehicles in the greater than three year old range.

Finance per vehicle sold improved significantly in the year, with an overall penetration of 52% (FY21: 42%), and a record 58% in the last quarter. Our APR finance rates were reduced further to 8.9% from 9.9% in October 2021 as we reinforced our belief of being the best value car retailer in the UK. Warranty penetration also improved from 34% in FY21 to 49%.

Our new branches in Manchester, Maidstone and Portsmouth opened in the second half of the year, and whilst early days, we are pleased with performance thus far.

Wholesale

Wholesale revenue via Auction4Cars.com, which sells vehicles which have been part exchanged by retail customers, or directly purchased from consumers, increased by 64.6%. Wholesale volumes were affected by the move into 3-4 year old retail criteria. 34.8k vehicles were sold via this purely online platform (FY21: 24.4k).

Gross margin strengthened to 7.3% (FY21: 6.6%), reflecting both the market and internal pricing controls. Gross profit per wholesale unit was £440 (FY21: £344). By the year end our Auction4Cars.com trading platform had been successfully upgraded to operate as an automated marketplace to include third party vendors, enabling them to auction their own vehicles digitally.

Operating expenses

Operating expenses increased from £49.9m in FY21 to £81.3m. COVID-19 relief of approximately £3.9m explains part of this movement, along with variable costs which were cut wherever possible last year, due to the COVID-19 lockdowns. This year the Group made a planned uplift in strategic costs, as we further invest in people, technology and marketing. Marketing costs in total were £18.9m (FY21: £7.0m) and people costs £34.7m (FY21: £25.6m). Marketing costs included a greater proportion of digital spend than previously, which is expected to continue. In addition, staff costs rose due to planned headcount increases and bonuses. Customer acquisition cost per retail unit was £300 (FY21: £163), and people cost per retail unit £552 (FY21: £594).

Exceptional items

There have been no exceptional items in the period (FY21: £Nil).

Interest

The Group's net financial expense was £3.5m (FY21: £2.9m).

Total interest charges on the stocking facilities in the period were £1.5m (FY21: £1.1m), which reflected the sharp increase in inventory valuation.

Interest on lease liabilities of £1.7m (FY21: £1.6m) was incurred during the period.

Interest on banking facilities was £0.3m (FY21: £0.2m).

Taxation

The tax charge in the period is for the amount assessable for UK corporation tax in the year net of prior year adjustments and deferred tax. The effective rate of tax in the year of 21.4% (FY21: 21.6%) is higher than the charge which would result from the standard rate of corporation tax in the UK of 19.0%. This reflects timing differences relating to fixed assets and adjustments made in respect of prior years, partly offset by the impact of the tax rate change on the deferred tax asset.

Shares

At 31 March 2021, 90,189,885 ordinary shares were in issue, of which 1,372,677 were held in the Employee Benefits Trust.

Earnings per share

Basic and diluted earnings per share were both 18.7p (FY21: 8.4p).

Dividends

No dividend was paid in the period (FY21: £Nil) and the Board has not recommended a final dividend (FY21: £Nil) while it focuses on driving significant growth.

Capital expenditure and disposals

Cash capital expenditure was £6.9m (FY21: £3.6m), and primarily related to the fit out of the three new branches, the dedicated preparation centre in Motherwell and various branch refits. All new properties were leased.

After the year end, the sale and leaseback of our Stockton on Tees site was completed. The freehold was sold for £5.0m and leased backed at an annual rent of £350k. There was no material profit or loss on this transaction.

Balance sheet

During FY22, the Group demonstrated its ability to respond to market conditions and vehicle price inflation by successfully increasing its stocking facilities, which now stand at £195.0m up from £106.0m in FY21. In addition, the revolving credit facility was increased to £29.0m from £14.0m in FY21. The Group also has an uncommitted overdraft facility of £6.0m which remains in place and was undrawn at the year end. Both are agreed until May 2024.

Non current assets were £59.2m (FY21: £60.9m) made up of £0.6m of intangibles, £10.9m of property, plant and equipment, £46.7m of right-of-use assets and £1.0m of deferred tax asset (FY21: £Nil, £16.1m, £43.6m and £1.2m respectively). At the year end the Group owned three properties, being the preparation centre in Peterborough, the Stockton on Tees branch, and some additional land in Glasgow. Stockton on Tees was subsequently sold after year end and leased back. As a result of the intention to sell both Stockton on Tees and Peterborough at the year end, there are assets held for sale of £9.2m (FY21: £Nil). All other properties are on leases of various lengths.

Included within intangible assets was £0.6m in relation to IT projects.

The Group closed the year with £228.4m of inventory, up from £128.4m at FY21 year end. Whilst stock would have been inflated at the end of March 2021 due to a build up for the post lockdown reopening, used vehicle values increased considerably in the year, with inflation of over 30% since the FY21 year end. The Group also broadened its mix of SKUs, with a greater proportion of more expensive vehicles. Days in stock improved to 54 days (FY21: 67 days).

At 1 April 2021 the Group had £106.0m of stocking finance facilities available with Black Horse Limited (£80.0m) and Lombard North Central PLC (£26.0m), and £89.2m was drawn. During the year, in response to the unprecedented inflation and move in vehicle mix, both facilities were increased, to £120.0m and £75.0m respectively.

The Group also has a £35.0m facility with Santander UK PLC, split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility. At the year end, the revolving credit facility was fully drawn, due to the timing of the availability of the stocking increase. This revolving credit facility was increased by £15.0m during the year and replaced the temporary £15.0m bank overdraft which expired earlier in May 2021.

Trade and other receivables have increased to £13.6m (FY21: £7.7m), reflecting the increased volume and sales mix at the respective year ends, with most sales being online in March 2021 due to COVID-19. When sales are made online the cash reaches us instantly. When sales happen in branches the use of card machines brings a timing delay and increases the debtors balance. In addition, finance penetration increased to 52% (FY21: 42%) leading to an increase in commissions due.

Trade and other payables, inclusive of the stock financing facilities, have also increased to £193.8m (FY21: £125.7m), primarily reflecting increases in the stocking facilities to £147.0m (FY21: £89.2m).

Borrowings reflect the use of the revolving credit facility. By 23 May 2022, the Group had recorded a net cash positive position. The increase in total lease liabilities to £52.8m (FY21: £49.3m) reflects the new branches.

Cash flow

Cash flow from operations was £(5.5)m outflow (FY21: £12.4m inflow). The majority of this drop reflected the significant inflation coupled with increased vehicle volumes, raising inventory values by £100.0m in the year, and the timing of the stocking finance availability.

Other main items in the cash flow include capital expenditure of £6.9m (FY21: 3.6m), payments to satisfy future employee share plan obligations of £5.0m (FY21 £0.4m), an increase in borrowings of £29.0m (FY21: £10.0m repayment), principal lease repayments of £4.0m (FY21: £3.6m), interest payments of £3.5m (FY21: £2.9m) and tax payments of £2.3m (FY21: £2.8m).

Capital structure and treasury

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

The Group's long term funding arrangements consist primarily of the stocking finance facilities with Black Horse Limited and Lombard North Central PLC (to a maximum of £195.0m), trade and other payables, as well as an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility. This loan facility with Santander UK PLC is due to expire in May 2024.

Chris Morgan
Chief Financial Officer
15 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2022

		2022	2021
	Note	**£m**	£m

	Note		
Revenue	3	1,322.3	721.4
Cost of sales	4	(1,216.0)	(658.9)
Gross profit		106.3	62.5
Operating expenses	4	(81.3)	(49.9)
Operating profit		25.0	12.6
Finance expense		(3.5)	(2.9)
Profit before taxation		21.5	9.7
Income tax expense	5	(4.6)	(2.1)
Profit for the year		16.9	7.6
Other comprehensive income and expenses:			
Other comprehensive expense	5	(0.2)	-
Total comprehensive income for the year attributable to equity holders		16.7	7.6
Earnings per share attributable to equity holders of the parent			
Basic	6	18.7p	8.4p
Diluted	6	18.7p	8.4p

The Group's activities all derive from continuing operations.

CONSOLIDATED BALANCE SHEET
For the year ended 31 March 2022

	Note	**2022**	2021
		£'m	£m
ASSETS			
Non-current assets			
Property, plant and equipment		10.9	16.1
Right-of-use assets		46.7	43.6
Intangible assets		0.6	-
Deferred tax asset		1.0	1.2
Total non-current assets		59.2	60.9
Current assets			
Assets held for sale		9.2	-
Inventories		228.4	128.4
Trade and other receivables		13.6	7.7
Current tax receivable		-	1.7

	Note		
Cash and cash equivalents		7.8	6.0
Total current assets		259.0	143.8
TOTAL ASSETS		318.2	204.7
LIABILITIES			
Current liabilities			
Trade and other payables, excluding contract liabilities		(193.8)	(125.7)
Borrowings	7	(29.0)	-
Lease liabilities		(3.3)	(2.4)
Current tax liabilities		(0.6)	-
Provisions		(0.1)	(0.1)
Total current liabilities		(226.8)	(128.2)
Net current assets		32.2	15.6
Non-current liabilities			
Lease liabilities		(49.5)	(46.9)
Provisions		(2.5)	(2.0)
Total non-current liabilities		(52.0)	(48.9)
TOTAL LIABILITIES		(278.8)	(177.1)
NET ASSETS		39.4	27.6
EQUITY			
Called up share capital	8	0.9	0.9
Capital redemption reserve		0.1	0.1
Capital reorganisation reserve		(0.8)	(0.8)
EBT reserve		(4.7)	(0.1)
Retained earnings		43.9	27.5
TOTAL EQUITY		39.4	27.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2022

	Note	**Called up share capital £m**	**Capital redemption reserve £m**	**Capital reorganisation reserve £m**	**EBT reserve £m**	**Retained earnings £m**	**Total equity £m**

Balance at 1 April 2020	0.9	0.1	(0.8)	–	20.0	20.2
Profit for the year	–	–	–	–	7.6	7.6
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	7.6	7.6
Transactions with owners in their capacity as owners:						
Share-based payments	–	–	–	–	0.2	0.2
EBT share purchases and commitments	–	–	–	(0.4)	–	(0.4)
Share-based compensation options satisfied through the EBT	–	–	–	0.3	(0.3)	–
	–	–	–	(0.1)	(0.1)	(0.2)
Balance at 31 March 2021	0.9	0.1	(0.8)	(0.1)	27.5	27.6
Profit for the year	–	–	–	–	16.9	16.9
Other comprehensive expense for the year	–	–	–	–	(0.2)	(0.2)
Total comprehensive	–	–	–	–	16.7	16.7

income for the year						
Transactions with owners in their capacity as owners:						
Share-based payments	–	–	–	–	0.1	0.1
EBT share purchases and commitments	–	–	–	(5.0)	–	(5.0)
Share-based compensation options satisfied through the EBT	–	–	–	0.4	(0.4)	–
	–	–	–	(4.6)	(0.3)	(4.9)
Balance at 31 March 2022	0.9	0.1	(0.8)	(4.7)	43.9	39.4

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2022

	Note	**2022**	2021
		£m	£m
Cash flows from operating activities			
Cash (used in) / generated from operations	10	(5.5)	12.4
Interest paid on borrowings and financing facilities		(1.8)	(1.3)
Interest paid on lease liabilities		(1.7)	(1.6)
Income tax paid		(2.3)	(2.8)
Net cash (used in) / generated from operating activities		(11.3)	6.7
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(6.9)	(3.6)
Proceeds from disposal of property, plant and equipment and right-of-use assets		–	6.1
Net cash (used in) / generated from investing activities		(6.9)	2.5
Cash flows from financing activities			

Payments to satisfy employee share plan obligations	(5.0)	(0.4)
Repayment of leases	(4.0)	(3.6)
Proceeds from / (repayment of) borrowings	29.0	(10.0)
Net cash generated from / (used in) financing activities	20.0	(14.0)
Net increase / (decrease) in cash and cash equivalents	1.8	(4.8)
Cash and cash equivalents at the beginning of the year	6.0	10.8
Cash and cash equivalents at end of year	7.8	6.0
Net cash and cash equivalents comprises: Cash at bank	7.8	6.0

1. General information

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

The Company is a public company limited by shares and is listed on the London Stock Exchange; the address of the registered office is Champion House, Stephensons Way, Derby, England, United Kingdom, DE21 6LY. The consolidated financial statements of the Group as at and for the year ended 31 March 2022 comprise the Company, all of its subsidiaries and the Motorpoint Group Plc Employee Benefit Trust (the 'EBT'), together referred to as the Group. This financial information is presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

Going concern

The 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. During the year significant vehicle inflation impacted stock valuations, and we accordingly negotiated increases in our stocking facilities from £106.0m at the start of year to £195.0m by year end. The last tranche of this increase was £30.0m, and this was made available in the last week of the financial year. Accordingly, this was used in the early part of FY23 to reduce the utilised revolving credit facility balance of £29.0m as at the year end. This revolving credit facility was increased by £15.0m during the year and replaced the temporary £15.0m bank overdraft which expired earlier in May 2021.

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

For the purpose of considering going concern the Group focuses on a period of at least 12 months from the point of signing the accounts.

The Board has considered a severe but plausible downside scenario in considering the going concern status of the Group, reducing volumes and prices, and increasing interest rates and comparing with headroom available against banking covenants and liquid resources required to continue trading. Taking the base case three-year forecast as the starting point, even when applying a 25% reduction to revenue, as well as a substantial increase in interest costs, the covenants were not breached, and liquid resources were not depleted. In this model, operating costs were not flexed outside of built-in inflationary increases, as in the event of a significant downturn, the Board would take mitigating measures to reduce operating costs which would create further headroom.

The Directors have made use of the post year end trading performance to provide additional insight into the continuing viability of the business. While only a short period has passed since the year end, this evidence adds further comfort to the continuing strength of the Group in an active market. 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 standards, amendments and interpretations adopted by the Group

The Group has not early-adopted standards, interpretations or amendments that have been issued but are not mandatory for 31 March 2022 reporting periods.

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

- Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 4 and IFRS 16;
- Amendments to UK and Republic of Ireland accounting standards UK exit from the European Union.

Basis of preparation

The financial information set out in this document does not constitute the statutory financial statements of the Group for the year end 31 March 2022 within the meaning of Section 434 of the Companies Act 2006 but is derived from the Annual Report and Accounts 2022. This financial information is prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The auditors have reported on the annual financial statements included within the Annual Report and Accounts 2022 and issued an unqualified opinion and the auditor's report did not contain a statement under section 498 of the Companies Act 2006.

The financial statements for the year ended 31 March 2021 have been delivered to the Registrar of Companies and the auditor's report was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

Basis of consolidation

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

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

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

2. Segmental reporting

The Group has prepared segmental reporting in accordance with IFRS 8 'Operating Segments'. During the year the information presented to the Board has changed to reflect the different product mix and rates of growth which are expected to continue in the future between the wholesale and the retail revenue streams. Segmental information is presented on the same basis as the management reporting. An operating segment is a component of the business where discrete financial information is available and the operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

Operating segments are aggregated into reporting segments to combine those with similar characteristics. The Group's reportable operating segment is considered to be the United Kingdom operations. The Group's chief operating decision maker is considered to be the Board of Directors.

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

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	Motorpoint	Motorpoint	**Auction4Cars**	Auction4Cars	**Total**	Total
	2022	2021	**2022**	2021	**2022**	2021
	£m	£m	**£m**	£m	**£m**	£m
Revenue	1,112.3	593.8	210.0	127.6	1,322.3	721.4
Cost of sales	(1,021.3)	(539.7)	(194.7)	(119.2)	(1,216.0)	(658.9)
Gross profit	**91.0**	**54.1**	**15.3**	**8.4**	**106.3**	**62.5**

3. Revenue recognition

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

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

(i) Sales of motor vehicles

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

(ii) Sales of motor related services and commissions

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

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

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

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

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

	2022	2021
	£m	£m
Revenue from sale of motor vehicles	1,253.1	687.5
Revenue from motor related services and commissions	62.9	29.0
Revenue recognised included in deferred income at the beginning of the year – Sale of motor vehicles	3.3	1.7
Revenue recognised included in deferred income at the beginning of the year – Motor related services and commissions	3.0	3.0
Revenue recognised included in the contract liability balance at the beginning of the year –Extended guarantee income	-	0.2
Total revenue	**1,322.3**	**721.4**

4. Operating profit

Operating profit include the effect of charging:	**2022**	2021
	£m	£m
Inventory recognised as expense	1,210.7	654.9
Write down of inventories recognised as an expense	1.0	0.2
Employee benefit expense	34.7	25.6
Depreciation of property, plant and equipment and right-of-use assets	7.3	5.7
Expense on short term and low value leases	0.4	0.2
Loss on disposal of property, plant and equipment	-	0.1

Total expenses comprise:	**2022**	2021
Cost of sales	1,216.0	658.9
Operating expenses:		
Selling and distribution expenses	28.6	13.9

Administrative expenses	52.7	36.0
Total expenses	**1,297.3**	**708.8**

Receipts associated with the Job Retention Scheme of £0.1m which related to April 2021 were re-paid in full to HMRC before the end of the year (FY21: £3.9m claimed).

5. Taxation

	2022	2021
	£m	£m
Current tax:		
UK corporation tax	4.3	2.0
Adjustment in respect of prior years	0.3	–
Total current tax	4.6	2.0
Deferred tax:		
Origination and reversal of temporary differences	0.2	0.1
Impact of UK corporation tax rate change	(0.2)	–
Total deferred tax	-	0.1
Total tax charge in the consolidated statement of comprehensive income	4.6	2.1

Reconciliation of the total tax charge

The tax charge in the statement of comprehensive income in the year differs from the charge which would result from the standard rate of corporation tax in the UK of 19% (FY21: 19%):

	2022	2021
Profit before taxation	21.5	9.7
Profit before taxation at the standard rate of corporation tax of 19% (FY21: 19%)	4.1	1.8
Tax effect of:		
– Fixed asset differences	0.3	0.3
– Expenses not deductible for tax purposes	0.1	–
– Adjustment in respect of prior years	0.3	–
– Re-measurement of deferred tax for changes in tax rates	(0.2)	–
Tax charge in the consolidated statement of comprehensive income	**4.6**	2.1

A tax payable balance of £0.6m (FY21: tax receivable balance of £1.7m) is included within current liabilities (FY21: current assets) as a result of the timing of the payments on account to HMRC.

	2022	2021

	£m	£m
Aggregate current and deferred tax arising in the reporting period and recognised in other comprehensive income and directly debited or credited to equity:		
– Deferred tax: Re-measurement of deferred tax for changes in tax rates	(0.2)	–
– Deferred tax: Adjustment in respect of prior years	0.4	–
Tax charge in the statement of comprehensive income	**0.2**	-

Factors affecting current and future tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. As at the balance sheet date of the 31 March 2022 the deferred tax asset has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (FY21: 19%).

6. Earnings per share ("EPS")

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

	2022	2021
Profit Attributable to Ordinary Shareholders (£m)	16.9	7.6
Weighted average number of Ordinary Shares in Issue ('000)	90,190	90,190
Basic EPS (pence)	18.7	8.4
Diluted weighted average number of Ordinary Shares in Issue ('000)	90,259	90,265
Diluted EPS (pence)	18.7	8.4

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the currently operating schemes and the vested but not yet exercised options. This is shown in the reconciliation below.

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

	2022	2021
Weighted average number of Ordinary Shares in Issue ('000)	90,190	90,190
Adjustment for share options ('000)	69	75
Weighted average number of Ordinary Shares for diluted earnings per share ('000)	**90,259**	**90,265**

7. Borrowings

The Group's available borrowings consist of an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an overdraft and £29.0m available as a revolving credit facility. A temporary 12 month £15.0m overdraft facility was agreed with Santander UK PLC in May 2020 to help support short term cash impacts, should it have been required during the pandemic. This temporary £15.0m overdraft facility expired in May 2021 and subsequently a £29.0m revolving credit facility was negotiated in January 2022. The revolving credit facility and the overdraft expire in May 2024. As at the reporting date £29.0m of the revolving credit facility (FY21: £Nil) and £Nil of the overdraft (FY21: £Nil) was drawn down. The terms of the revolving credit facility and overdraft require a full repayment for a period of at least one day or more in each financial year and half year with no less than one month between repayments.

The finance charge for utilising the facility is dependent on the Group's borrowing ratios as well as the base rate of interest in effect. During the year ended 31 March 2022 interest was charged at 1.4% (FY21: 1.4%) per annum. The interest charged for the year of £0.3m (FY21: £0.2m) has been expensed as a finance cost.

8. Share capital

	2022		2021	
	Number	**Amount**	Number	Amount
	'000	**£m**	'000	£m
Allotted, called up and fully paid Ordinary Shares of 1p each				
Balance at the end of the year (1)	**90,190**	**0.9**	90,190	0.9

(1) Share buyback
There has been no share buyback during FY21 and FY22.

Since the commencement of the current share buyback programme in 2019 as at 31 March 2022, 615,000 shares have been bought back and cancelled representing 0.7% of the issued Ordinary Shares, at a cost of £1.8m.

There are currently no shares held in treasury for use to satisfy employee share plan obligations.

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

9. Dividends

During the year no dividends were paid (FY21: £Nil).

The Board has not proposed a final dividend (FY21: £Nil) for the year ended 31 March 2022.

10. Cash flow from operations

	2022	2021
	£m	£m
Profit for the year attributable to equity shareholders	16.9	7.6
Adjustments for:		
Taxation charge	4.6	2.1

Finance costs	3.5	2.9
Operating profit	**25.0**	12.6
Share-based payments	0.1	0.2
Loss on disposal of property, plant and equipment and right-of-use assets	–	0.1
Depreciation charge	7.3	5.7
Cash flow from operations before movements in working capital	**32.4**	18.6
Increase in inventory	(100.0)	(16.6)
Increase in trade and other receivables	(5.9)	(3.3)
Increase in trade and other payables and provisions	68.0	13.7
Cash flow from operations	**(5.5)**	12.4

11. Post balance sheet events

After the year end, the sale and leaseback of our Stockton on Tees site was completed. The freehold was sold for £5.0m and leased backed at an annual rent of £350k. There was no material profit or loss on this transaction.

ALTERNATIVE PERFORMANCE MEASURES "APMs"

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

Year ended 31 March	**2022** £m	2021 £m
Profit before taxation	**21.5**	9.7
Finance expense	**3.5**	2.9
Depreciation	**7.3**	5.7
Amortisation	**–**	–
EBITDA	**32.3**	18.3

Return on capital employed (ROCE)

Year ended 31 March	**2022** £m	2021 £m
Operating profit	**25.0**	12.6
Average net assets	**33.5**	23.9

ROCE	**74.6%**	52.7%