Motorpoint Group PLC FY24 Unaudited Interim Results

23 November 2023

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

Interim Results

Positioned to navigate continued market challenges, whilst building strategic capabilities to lead in market recovery

Motorpoint Group PLC, the UK's leading independent omnichannel vehicle retailer, today announces its unaudited interim results for the six months ended 30 September 2023 ("H1 FY24").

H1 FY24 Financial Summary

Financial KPIs	6 months to 30 September 2023	6 months to 30 September 2022	Change	12 months to 31 March 2023
Revenue	**£607.2m**	£786.7m	-22.8%	£1,440.2m
Gross profit	**£37.7m**	£48.7m	-22.6%	£85.7m
Operating expenditure before exceptional items	**£(36.1)m**	£(42.8)m	-15.7%	£(79.2)m
Operating profit before exceptional items	**£1.6m**	£5.9m	-72.9%	£6.8m
Finance expense	**£(5.3)m**	£(2.9)m	+82.8%	£(7.1)m
(Loss) / Profit before taxation and exceptional items	**£(3.7)m**	£3.0m	-£6.7m	£(0.3)m
Exceptional items	**£(1.0)m**	nil	+£1.0m	nil
(Loss) / Profit for the period	**£(3.5)m**	£2.4m	-£5.9m	£(0.6)m
Basic (loss) / earnings per share (p)	**(3.9)p**	2.7p	-6.6p	(0.7)p
Net cash	**£11.2m**	£4.5m	+£6.7m	£5.6m

- Revenue decreased to £607.2m (H1 FY23: £786.7m), influenced by market headwinds. Retail volumes declined by 18.4% and wholesale volumes by 22.4% as more stock was sourced direct from consumers and sold through retail channels
- Gross profit decline driven by lower volumes and fall in finance commissions
- Successful right-sizing programme leading to material reductions in the cost base, including staffing and marketing efficiencies
- Increase in finance expense reflecting significant interest rate rises in the period
- Exceptional items relate to one-off costs to effect the right-sizing programme
- Strong improvement in cash, despite lower profitability, which reflects working capital management and reduced capital investment. Bank facility undrawn at period end

H1 FY24 Operational and Strategic Highlights

Operational KPIs	6 months to 30 September 2023	6 months to 30 September 2022	Change
Market share (0-5 year old)	**2.5%**	2.7%	-0.2ppts
Revenue	**£607.2m**	£786.7m	-22.8%
Retail	**£509.8m**	£653.1m	-21.9%
Wholesale	**£97.4m**	£133.6m	-27.1%
E-commerce revenue	**£224.3m**	£350.6m	-36.0%
Vehicles sold	**39.3k**	49.0k	-19.8%

Retail	**25.8k**	31.6k	-18.4%
Wholesale	**13.5k**	17.4k	-22.4%
Days in stock	**47**	50	-3 days
Retail gross profit per unit	**£1,267**	£1,373	-£106
Wholesale gross profit per unit	**£370**	£304	+£66
Customer acquired vehicles retailed	**24.2%**	22.6%	+1.6ppts
Customer acquisition cost per retail unit (1)	**£198**	£250	-£52
Number of market locations at period end	**20**	19	+1
Stocking facility available at period end (2)	**£195.0m**	£195.0m	-

(1) Total marketing cost per retail unit sold
(2) Reduced to £175.0m in October 2023

Operating margin enhancement programme

- Market challenges, including elevated interest rate environment and reduced consumer demand, required decisive action to right-size the business to withstand a potentially extended depressed market
- The Group prioritised improving unit metal margins, reducing operating costs and generating cash rather than pursuing continued market share growth
- Actions included increasing retail margins supported by the use of data to optimise selling prices, reducing purchase fees by securing a greater proportion of stock through direct supply channels, streamlining our organisational structure, pausing new store roll-out and reducing discretionary capital spend
- Progressive reduction in headcount of 12% during H1 FY24, supported by use of automation to drive efficiency
- Our agile sourcing model allowed us to expand vehicle age and mileage criteria to offer lower price points to meet broader customer demand

Focused investment in digital capabilities

- Investment focused on tangible improvements to our website, enhancing customer experience and information availability
- Record organic traffic levels and website speed improvement of greater than 30%
- Automation benefits, including: a portal to simplify vehicle handovers; a new open banking solution for faster payment and reduced bank fees; simplified Auction4Cars buying and financing; and email alerts to customers when their car of choice becomes available

Market expansion

- Opened our Ipswich store, taking the total number to 20
- Continue to review pipeline of opportunities and will be ready to react when market conditions improve

Stakeholder excellence

- Net Promoter Score ('NPS') of 81 exceeds pre-Covid levels, and remains industry leading
- Continued excellent progress against ESG objectives. During the period, the business was recognised by the Financial Times as a leader in climate change across European business sectors

Outlook

The impact of high inflation, interest rates, and consumer uncertainty continues to affect demand for used cars.

This is impacting the value of used cars, which has fallen since the end of the period, with a reduction in wholesale values of c.6% in just the last six weeks. Whilst we have taken proactive measures to limit the impact on our stock, the current environment is likely to be volatile as new car supply into the used car market begins to increase. Our lean cost base means that we are well placed to weather this period and the correction in values bodes well for next year and beyond as the used car market begins to normalise.

Key elements of a normalised market are already underway, including an easing interest rate environment, continued corrections in used car values, and an increase in market size as demand grows and supply is bolstered by new car registrations feeding into the used segment. Motorpoint is a leaner and more agile business, and is ready to seize the significant growth opportunity as market conditions improve.

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

"I have been at Motorpoint for twelve years and the agility and resilience of our business model is something of which I am immensely proud. We have no structural debt, a flexible business model, a fantastic team and a tremendous opportunity ahead to achieve significant cash generation in the medium term following the actions of the past twelve months. Our focus on improving unit economics has been successful, although volumes remained challenging in the period.

The rapid fall in used car values since the period end is unquestionably a near term challenge, however it also provides reassuring signs of supply finally beginning to improve in the nearly new market that we have dominated in the past. I believe next year will be a key turning point for the market and I look to the future with confidence."

Enquiries:

Motorpoint Group PLC	via FTI Consulting
Mark Carpenter, Chief Executive Officer	
Chris Morgan, Chief Financial Officer	
FTI Consulting (Financial PR)	
Alex Beagley	020 3727 1000
Harriet Jackson	
Amy Goldup	

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 omnichannel vehicle retailer, focused on giving retail and trade customers the easiest, most affordable and seamless way of buying, selling and financing their car whether online, in-store or a combination of both. Through its leading B2C platform Motorpoint.co.uk and UK network of 20 stores, the Group provides an unrivalled offering in the nearly new car market, where consumers can effortlessly browse, buy or finance their next car and collect or have it delivered directly to their homes.

Motorpoint's purely online wholesale platform Auction4Cars.com sells vehicles into the wholesale B2B market that have been part exchanged by retail customers, or purchased directly from them by the Group as part of its online car buying service. Motorpoint's diversified business model, underpinned by its established brand, industry leading technology and sophisticated marketing infrastructure, always delivers the best choice, value, service and quality for customers. The Group is proud to have been recognised for nine consecutive years as one of the Top 100 Best Companies to Work For.

Non-Executive Chair's statement

Strategic Opportunity

In June 2021 Motorpoint announced a departure from its historic approach by more aggressively embracing the role of technology and digital services in its business and setting forth more ambitious medium term goals to at least double its revenue to over £2bn by, among other things, growing its E-commerce revenue to over £1bn and opening 12 new stores. Reaching these goals would require higher levels of investment in new capabilities including technology and automation, data and analytics, digital commerce, marketing, new sales and service branches and its omnichannel customer proposition.

Since this announcement, in spite of the significant economic challenges affecting the used car market and Motorpoint in particular, the Company has progressed towards its goals by hiring key strategic leaders, developing new technologies and digital capabilities, and refining its strategy to include specific further capabilities that will position Motorpoint uniquely in the market. With this progress our belief in the strategic direction and the size of our opportunity has grown.

The use of digital services is becoming universal amongst car buyers and sellers. This natural progression presents an opportunity for retailers to disintermediate portions of the used car market by selling direct to consumers through a lower cost, higher service model, by buying direct from consumers or via new online marketplaces, and by building brand leadership and market share through aggressive marketing. However we have learned, based on our customer data, that some degree of physical connection continues to be preferred by most customers to provide reassurance and trust in the transaction. Motorpoint, as a leading omnichannel retailer, is uniquely positioned to serve this need and is developing integrated consumer journeys across its digital, store, customer service and delivery channels that will meet changing consumer needs. This is Motorpoint’s central strategic opportunity.

Underpinning Motorpoint’s new capabilities will be contemporary technology and data practices. These will not only create unique cross-channel customer journeys, but will improve efficiency in our key processes such as selling, vehicle preparation, logistics, pricing and inventory turnover.

Leading With Agility and Responsibility

With its focus on the long term strategic growth opportunity, Motorpoint has faced very difficult markets which have challenged its near term performance and investment capacity. In Motorpoint’s 2022 financial year (FY22), the Covid pandemic was over however supply chain shortages continued to limit the manufacturing of new vehicles, used car prices were inflated due to constrained supply, and consumer confidence was declining as consumers began feeling the effects of general inflation and rising interest rates. Motorpoint performed strongly in that year with record revenue, growth in market share and strong operating profit. While many in the market were cautious, Motorpoint recommitted to its ambition to lead the UK’s used car market by investing in new capabilities, digitally-driven customer experiences and new stores.

During FY23, economic and market conditions deteriorated further, especially in the second half. Rising inflation and interest rates, coupled with constrained used car supply, inflated prices and a significant OEM-induced cut in used electric vehicle values, made trading particularly challenging. Further, high interest rates affected several components of our profit model. High consumer finance rates reduced consumer demand and pinched unit profitability, Motorpoint's finance commissions reduced as it tried to hold consumer rates below market, and its finance expense on inventory borrowings increased. In the face of these challenges Motorpoint continued to make prudent strategic investments in order to progress towards its strategic ambition while attempting to remain profitable and preserve cash. Motorpoint's operating profit fell, its net profit before tax was roughly breakeven while it managed to again grow revenues and market share.

As the company approached FY24, it believed that economic and market conditions would not improve and indeed could worsen further with no end in sight. Early period performance proved this out with high interest rates accounting for c.£8m of negative profit impact in the first six months. The Company reacted swiftly to implement a right-sizing and margin improvement programme with an aim to preserve profitability and cash in a smaller, persistently difficult market. It prioritised increasing unit margins, reducing operating expenses and generating cash over revenue and market share growth. It also tempered strategic investments and focused on efficiency, trading effectiveness and near term returns.

I am pleased that Motorpoint has been agile and resilient through a tumultuous period and made sound decisions based on changing market conditions. It has also remained committed to its strategic plan in a manner that balanced its investments responsibly. Since FY22 it has invested over £10m in new strategic capabilities and brought substantial new technology, digital, marketing and operational expertise into the business. Motorpoint has positioned itself to return to profitability by year end, and progress modestly toward building strategic capabilities, even as current poor conditions persist. As market conditions improve Motorpoint will be in position to accelerate its strategic plans and lead the growth of the used car market.

I would like to thank the Motorpoint team for their extraordinary contributions over an extended period. I look forward to a positive future for the Company and all of our colleagues.

John Walden
Non-Executive Chair, Motorpoint PLC
23 November 2023

Chief Executive's statement

Overview

The headwinds we experienced in FY23 continued in H1 FY24, and these difficult macroeconomic conditions therefore hampered our growth and profitability. As a result, we took action to right-size the business to reflect the reduced market size and ensure cash generative trading at lower levels of Group sales.

Some of these actions included increasing retail margins, supported by improved data analysis to optimise selling prices, reducing auction fees by securing a greater proportion of stock through direct supply channels, streamlining our organisational structure, pausing new store roll-out and reducing discretionary capital expenditure.

High interest rates and inflation continued to fuel consumer uncertainty in the H1 period, and the market for our 0-4 year old sector fell further to 1.48m sales per annum, from a pre Covid high of 2.45m. Consequently, total revenue fell to £607.2m (H1 FY23: £786.7m), and retail units sold to 25.8k (H1 FY23: 31.6k). Although supply is easing, there remains a shortage of good quality, nearly new vehicles. In addition, the high market prices and APR rates have reduced affordability for consumers. To counteract this, we expanded our retail criteria to cars less than five years old and 50,000 miles towards the end of the period, to help customers find the right vehicle in accordance with more constrained household budgets.

Reduced retail volumes, pressure on finance attachment rates due to high APRs, and high interest expense, resulted in a drag on profitability, and the business returned a loss before taxation and exceptional costs of £(3.7)m (H1 FY23: Profit before taxation £3.0m). As a consequence of actions taken, the loss before taxation and exceptional items of £(3.1)m incurred in Q1 narrowed to a small loss of £(0.6)m in Q2. Exceptional costs were £1.0m (H1 FY23: £nil) and related to the headcount right-sizing programme.

During the period, we prioritised protecting profit and cash. Helped by use of improved data analysis, we were able to improve unit margins and we also increased A4C fees (but still below the market norm). We also right-sized our headcount to reflect the lower volumes and reduced marketing costs. FTEs at 30 September 2023 were 693, significantly down from the high of almost 950 in the early part of FY23. Marketing spend in H1 FY24 was £5.1m (H1 FY23: £7.9m), although this reduction is likely to have impacted sales to some extent.

Despite the profitability pressures, the Group again demonstrated its resilience to record a cash increase in the period of £5.6m, up to £11.2m. There is significant cash headroom, with the £35m bank facility undrawn at period end (£6m available as an uncommitted overdraft and £29m as a revolving credit facility).

Strategy Update

We have made good progress against our strategic targets announced in June 2021. Despite the current market challenges, we remain committed to our long term growth aspirations, whilst focusing in the short term on margin improvement, cost base management and cash generation. The strong cash position allowed us to continue making targeted strategic investment, with further improvements in technology involving both our retail and wholesale businesses, and we opened our 20th store, in Ipswich, in May 2023.

During H1 FY24, we continued to enhance our digital capability, and upscale our E-commerce offering. We made improvements to the website Product Detail Pages (PDPs) and introduced new imagery. These changes improved page views and the time customers spend on our site. Saved search and recommendation functionality was introduced. Email alerts are now in place to inform customers when the vehicle they are looking for has arrived. We experienced record levels of organic traffic, and website speed improved by over 30%, whatever the device used.

The Group's use of data is fundamental to how we operate. As well as helping to inform vehicle pricing decisions, it supports the identification of what vehicles customers desire. As an example, it allowed us to identify that new customers are more likely to buy cheaper vehicles than returning ones, and this helped inform our decision to expand our retail criteria to five years and 50,000 miles.

As mentioned previously, our capability was further enhanced with the introduction of Tom Tang, who joined Motorpoint as Chief Technology Officer in March of this year. Tom has over 20 years of experience in technology leadership from his roles as CIO at Alliant Energy, Sainsbury's and Argos. Tom is an advocate of the benefits of AI capabilities which benefit both the customer and employee. Since joining, Tom has been progressing three key fronts:

- Improving Motorpoint's customer experiences with the creation of a Single Customer View (SCV) and integrated Customer Relationship Management (CRM) platform;
- Automating back office functions, such as finance and procurement, with an Enterprise Resource Planning (ERP) platform; and
- Improving delivery cadence with the creation of a near shore technology team and using common off the shelf (open source) platforms.

By recruiting top talent and harnessing the benefits of automation we have been able to continue to deliver operational improvements, from preparation speed and reduced stockholding to customer self-serve technology. Automation has also allowed us to reduce headcount and improve efficiency.

Customers

As we innovate our omnichannel customer experiences, our highly engaged team continued to deliver our market leading proposition of Choice, Value, Service and Quality to our loyal customers with an unerring focus on customer satisfaction. Our NPS for sold vehicles remains high at 81. The slight fall from the record 84 is in part explained by the disruption during the summer caused by the redundancy exercise, but still remains at a higher level than before Covid, and is leading for the industry.

Our Team

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

We believe that the engagement of our team is directly correlated to our customer satisfaction, and we sponsor multiple initiatives to enhance their experience with Motorpoint. Our 'One Big Dream' initiative has been a huge success, with our people using two paid hours per month for their own fulfilment. Team retention levels improved by 11% since the start of the calendar year.

Our One Team ethos was perfectly highlighted recently when the Derby store was badly flooded as a result of Storm Babet. This resulted in significant disruption for employees and customers, and required a major clean-up operation. I am very proud of our employees from across the business (whether it be from the office, other locations or the Derby store itself) who all pulled together to ensure that the site was up and running again as soon as possible, and that customers were not left disappointed.

Environmental, Social and Governance (ESG)

The Group's ESG Committee has been instrumental in setting out appropriate ESG targets. The Group wants to be viewed as the most environmentally friendly used car retailer and has made significant progress on its ESG strategic goals in the period.

We are delighted that our progress was recognised by the Financial Times naming Motorpoint as one of Europe's Climate Leaders, who are most successful in reducing their core greenhouse gas emissions. We have championed our commitment to energy management through internal communication channels.

We have made further reductions in energy savings; Scope 1 and 2 emissions and business travel are down c.10% versus the previous period. Waste collection costs are down c.14%, and less than 0.2% waste went to landfill.

We also have made further improvements to support inclusion and remove unconscious bias, and our gender pay gap has again reduced.

Outlook

The impact of high inflation, interest rates, and consumer uncertainty continues to affect demand for used cars.

This is impacting the value of used cars, which has fallen since the end of the period, with a reduction in wholesale values of c.6% in just the last six weeks. Whilst we have taken proactive measures to limit the impact on our stock, the current environment is likely to be volatile as new car supply into the used car market begins to increase. Our lean cost base means that we are well placed to weather this period and the correction in values bodes well for next year and beyond as the used car market begins to normalise.

Key elements of a normalised market are already underway, including an easing interest rate environment, continued corrections in used car values, and an increase in market size as demand grows and supply is bolstered by new car registrations feeding into the used segment. Motorpoint is a leaner and more agile business, and is ready to seize the significant growth opportunity as market conditions improve.

Mark Carpenter
Chief Executive Officer
23 November 2023

FINANCIAL REVIEW

Group financial performance headlines

Revenue for the six months ended 30 September 2023 reduced to £607.2m (H1 FY23: £786.7m) reflecting the shrinkage of the nearly new used car market and wider headwinds in the economic environment. Affordability has become an increasingly big issue for consumers, and we are prioritising stock mix with less expensive vehicles. Consequently, we have relaxed our age and mileage criteria to ensure that we have the vehicles that customers desire and can afford.

Gross profit was £37.7m (H1 FY23: £48.7m). Gross margin remained at 6.2% (H1 FY23: 6.2%). During the period we managed the increase to metal margin, in part through use of data, to offset the impact of lower finance commissions.

Despite wage inflation of 6% and store openings, operating expenses before exceptional items reduced by 15.7% to £36.1m (H1 FY23: £42.8m), reflecting a decrease in headcount and lower marketing spend.

Loss before taxation and exceptional items was £(3.7)m (H1 FY23: PBT £3.0m). This included the impact of higher finance costs of £5.3m, due to interest rate rises (H1 FY23: £2.9m).

Despite the lower profitability, and as management took decisive action, net cash improved significantly from year end. Net cash at 30 September 2023 was £11.2m (31 March 2023: £5.6m).

Trading performance

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

	Retail customers		**Wholesale customers**		**Total**	
	H1 FY24	H1 FY23	**H1 FY24**	H1 FY23	**H1 FY24**	H1 FY23
	£m	£m	**£m**	£m	**£m**	£m
Revenue	**509.8**	653.1	**97.4**	133.6	**607.2**	786.7
Gross profit	**32.7**	43.4	**5.0**	5.3	**37.7**	48.7

Retail

Revenue from retail customers was down 21.9% to £509.8m (H1 FY23: £653.1m), with 25.8k (H1 FY23: 31.6k) vehicles sold (a fall of 18.4%). Of these, 32.8% were sold online and we continue to see around two thirds of customers wanting the store experience for their vehicle purchase.

Gross margin of 6.4% was slightly reduced (H1 FY23: 6.6%) following the aforementioned headwinds, and the strengthening of metal margin offsetting the impact of higher APRs on finance commission. We have seen a fall in attachment rates due to the higher cost of finance.

Finance per vehicle sold decreased in the period, following this increase in interest rates. Penetration was 49.0% in September (H1 FY23: 57.0%). Our APR finance rates continue to be competitive despite increasing from 11.9%

to 12.9% at the start of October 2023. We continue to monitor as we manage APR rates versus commissions, and affordability for consumers.

Despite the move to older vehicles, the time taken to prepare a vehicle improved slightly to 8.7 days (H1 FY23: 8.8 days).

Our 20th store opened in May 2023, in Ipswich.

Wholesale

Wholesale revenue via Auction4Cars.com, which sells vehicles that have been part exchanged by retail customers, or directly purchased from consumers, decreased by 27.1%. Circa 13.5k vehicles were sold via this purely online platform, a reduction on H1 FY23 due to the fall in retail activity and the relaxation of criteria, with more vehicles now being sold through the retail platform. Gross margin improved to 5.1% (H1 FY23: 4.0%), following steps taken by management to improve metal margin in H1 FY24, including a focus on loss making vehicles and a review of buying fees (which remain below the competitor set).

Operating expenses before exceptional items

Operating expenses before exceptional items decreased from £42.8m in H1 FY23 to £36.1m. Despite the new stores opened, overall full time equivalent employees reduced to 693 from 893 as at 30 September 2022, as we focus on efficiency in stores, preparation and head office, and right-sized our headcount to reflect market conditions. Energy rates (for the property portfolio at the time) were fixed for two years in September 2021, and we saw a reduction of 10% in electric and gas usage in the period, on a per square footage basis. Overall property costs remained broadly in line with H1 FY23 in spite of new store openings. Marketing costs decreased from £7.9m to £5.1m as we target a more focused approach for our marketing spend, as well as responding to the lower consumer demand.

Exceptional items

Exceptional items of £1.0m (H1 FY23: £Nil) in the period constituted one off restructuring costs, being redundancies incurred during the summer of 2023, with a reduction of around 85 employees.

Interest

The Group’s net financial expense was £5.3m (H1 FY23: £2.9m); the increase reflects the rise in cost of borrowing.

Total interest charges on the stocking facilities in the period were more than double at £3.8m (H1 FY23: £1.7m).

Interest on lease liabilities of £1.1m (H1 FY23: £1.0m) was incurred during the period.

Interest on banking facilities was £0.4m (H1 FY23: £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 credits. The effective rate of tax in the year of 25.0% (H1 FY23: 20.0%) is in line with the charge which would result from the standard rate of corporation tax in the UK of 25.0% (effective from 1 April 2023).

Shares

At 30 September 2023, 90,190,000 ordinary shares were outstanding, of which 1,671,989 were held in the Employee Benefits Trust.

Earnings per share

Basic and diluted earnings per share were both (3.9)p (H1 FY23: both 2.7p).

Dividends

No dividend was paid in the period (H1 FY23: £Nil) and the Board has not declared an interim dividend (H1 FY23: £Nil).

Capital expenditure and disposals

Cash capital expenditure was £1.9m (H1 FY23: £5.5m) as the business preserved cash, with additions primarily relating to the new store in Ipswich and the ongoing IT projects.

Balance sheet

With a fall in retained earnings the net assets decreased since year end by £3.0m to £35.9m. Working capital was proactively managed during the period, with improvement in the net cash position.

Non-current assets were £72.0m (31 March 2023: £75.2m) made up of £12.4m of property, plant and equipment, £55.4m right-of-use assets and intangible assets of £4.2m (31 March 2023: £13.1m, £58.4m and £3.7m respectively). The Group currently owns one remaining freehold plot of land in Glasgow. All other properties are on leases of various lengths.

The Group closed the period with £143.8m of inventory, down from £148.6m at 31 March 2023. Days in stock for the period were 47 days (H1 FY23: 50 days).

At 30 September 2023 the Group had £195.0m (31 March 2023: £195.0m) of stocking finance facilities available of which £102.3m (31 March 2023: £102.5m) was drawn. The Group had available stocking facilities with Black Horse Limited of £120.0m, and £75.0m with Lombard North Central PLC. After the period end, it was agreed with Black Horse to reduce the amount available to £100.0m, to reflect the unused portion.

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 30 September 2023 £Nil (31 March 2023: £Nil) was drawn on this facility.

Trade and other receivables have decreased marginally to £18.1m (31 March 2023: £18.4m).

Trade and other payables, inclusive of the stock financing facilities, have increased slightly to £145.6m (31 March 2023: £143.8m) with the majority of the movement being due of the timing of the VAT creditor at the period end.

The decrease in total lease liabilities to £61.7m (31 March 2023: £63.6m) reflects the repayments made during the period.

Cash flow

Cash flow from operations was £13.1m inflow (H1 FY23: £28.9m inflow). The lower inflow, although still strong, reflects reduced profitability and working capital utilisation in FY23.

Other main items in the cash flow include capital expenditure of £1.9m (H1 FY23: £5.5m), principal lease repayments of £1.9m (H1 FY23: £2.7m), interest payments of £5.3m (H1 FY23: £2.9m) and a tax receipt of £1.6m (H1 FY23: payment of £1.1m). In H1 FY23, proceeds of £9.7m were received for the sale and leasebacks of Stockton-on-Tees and Peterborough preparation centre.

Capital structure and treasury

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

The Group's long term funding arrangements consist primarily of the stocking finance facilities with Black Horse Limited and Lombard North Central (to a maximum of £175.0m) and an unsecured loan facility provided by Santander UK PLC, split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility. During H1 FY24, the Group maintained its available headroom by successfully extending its terms on the facility. Both now run until May 2026 with the option to extend for two further one year extensions if agreed by both parties.

Chris Morgan
Chief Financial Officer
23 November 2023

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE FY24 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

By order of the Board

Mark Carpenter
Chief Executive Officer
23 November 2023

Statement of Comprehensive Income

For the six months ended 30 September 2023

		Unaudited Six Months ended 30 September 2023				
		Before Exceptional Items	**Exceptional Items**	**Total**	Unaudited Six Months ended 30 September 2022	Year ended 31 March 2023
	Note	**£m**	**£m**	**£m**	£m	£m
Revenue	6	607.2	-	607.2	786.7	1,440.2
Cost of sales		(569.5)	-	(569.5)	(738.0)	(1,354.5)
Gross profit		37.7	-	37.7	48.7	85.7
Operating expenses		(36.1)	(1.0)	(37.1)	(42.8)	(79.2)
Other income		-	-	-	-	0.3
Operating profit / (loss)		1.6	(1.0)	0.6	5.9	6.8
Finance costs	7	(5.3)	-	(5.3)	(2.9)	(7.1)
(Loss) / Profit before taxation		(3.7)	(1.0)	(4.7)	3.0	(0.3)
Taxation	8	0.9	0.3	1.2	(0.6)	(0.3)
(Loss) / Profit for the period/year		(2.8)	(0.7)	(3.5)	2.4	(0.6)
Other comprehensive income and expenses:						
Tax relating to items which will not be reclassified to profit or loss		-	-	-	-	(0.1)
Other comprehensive expense		-	-	-	-	(0.1)
Total comprehensive (expense) / income for the period/year attributable to equity holders of the parent		(2.8)	(0.7)	(3.5)	2.4	(0.7)
Earnings per share						
Basic	9			(3.9)p	2.7p	(0.7)p
Diluted	9			(3.9)p	2.7p	(0.7)p

The Group's activities all derive from continuing operations.

Total comprehensive expense / income for the period/year is all attributable to the shareholders of the Company.

Condensed Consolidated Balance Sheet

As at 30 September 2023

	Note	**30 September 2023 (unaudited) £m**	30 September 2022 (unaudited) £m	31 March 2023 £m
ASSETS				
Non-current assets				
Property, plant and equipment	11	12.4	13.3	13.1
Right-of-use assets	12	55.4	57.8	58.4
Intangible assets	10	4.2	1.9	3.7
Deferred tax assets		-	1.0	-
Total non-current assets		72.0	74.0	75.2
Current assets				
Inventories		143.8	185.6	148.6
Trade and other receivables	13	18.1	19.9	18.4
Current tax receivable		0.9	-	1.3
Cash and cash equivalents		11.2	4.5	5.6
Total current assets		174.0	210.0	173.9
TOTAL ASSETS		246.0	284.0	249.1
LIABILITIES				
Current liabilities				
Trade and other payables, excluding contract liabilities	15	(145.6)	(175.7)	(143.8)
Borrowings		-	-	-
Lease liabilities	14	(4.2)	(2.7)	(3.4)
Current tax liabilities		-	(0.1)	-
Provisions	16	-	(0.1)	-
Total current liabilities		(149.8)	(178.6)	(147.2)
NET CURRENT ASSETS		24.2	31.4	26.7
Non-current liabilities				
Lease liabilities	14	(57.5)	(60.9)	(60.2)
Provisions	16	(2.6)	(3.0)	(2.6)
Deferred tax liabilities		(0.2)	-	(0.2)
Total non-current liabilities		(60.3)	(63.9)	(63.0)
TOTAL LIABILITIES		(210.1)	(242.5)	(210.2)
NET ASSETS		35.9	41.5	38.9
EQUITY				
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)
Employee Benefit Trust reserve		(5.3)	(5.3)	(5.3)
Retained earnings		41.0	46.6	44.0
TOTAL EQUITY		35.9	41.5	38.9

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

Six Months Ended 30 September 2023 (Unaudited)	**Share capital**	**Capital redemption reserve**	**Capital reorganisation reserve**	**EBT reserve**	**Retained earnings**	**Total equity**
	£m	£m	£m	£m	£m	£m
At 1 April 2023	0.9	0.1	(0.8)	(5.3)	44.0	38.9
Loss for the period	-	-	-	-	(3.5)	(3.5)
Total comprehensive expense for the period	-	-	-	-	(3.5)	(3.5)
Transactions with owners in their capacity as owners:						
Share-based payments	-	-	-	-	0.5	0.5
EBT share purchases and commitments	-	-	-	-	-	-
Share-based compensation options satisfied through EBT	-	-	-	-	-	-
At 30 September 2023	**0.9**	**0.1**	**(0.8)**	**(5.3)**	**41.0**	**35.9**

Six Months Ended 30 September 2022 (Unaudited)	**Share capital**	**Capital redemption reserve**	**Capital reorganisation reserve**	**EBT reserve**	**Retained earnings**	**Total equity**
	£m	£m	£m	£m	£m	£m
At 1 April 2022	0.9	0.1	(0.8)	(4.7)	43.9	39.4
Profit for the period	-	-	-	-	2.4	2.4
Total comprehensive income for the period	-	-	-	-	2.4	2.4
Transactions with owners in their capacity as owners:						
Share-based payments	-	-	-	-	0.4	0.4
EBT share purchases and commitments	-	-	-	(0.7)	-	(0.7)
Share-based compensation options satisfied through EBT	-	-	-	0.1	(0.1)	-
At 30 September 2022	**0.9**	**0.1**	**(0.8)**	**(5.3)**	**46.6**	**41.5**

Year Ended 31 March 2023	Share capital	Capital redemption reserve	Capital reorganisation reserve	EBT reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m	£m
At 1 April 2022	0.9	0.1	(0.8)	(4.7)	43.9	39.4
Loss for the year	-	-	-	-	(0.6)	(0.6)
Other comprehensive expense for the year	-	-	-	-	(0.1)	(0.1)
Total comprehensive expense for the year	-	-	-	-	(0.7)	(0.7)
Transactions with owners in their capacity as owners:						
Share-based payments	-	-		-	0.9	0.9
EBT share purchases and commitments	-	-	-	(0.7)	-	(0.7)
Share-based compensation options satisfied through the EBT	-	-	-	0.1	(0.1)	-
At 31 March 2023	**0.9**	**0.1**	**(0.8)**	**(5.3)**	**44.0**	**38.9**

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2023

	Unaudited Six Months ended 30 September 2023 £m	Unaudited Six Months ended 30 September 2022 £m	Year ended 31 March 2023 £m
(Loss) / Profit attributable to equity shareholders	(3.5)	2.4	(0.6)
Adjustments for:			
Taxation (credit) / charge	(1.2)	0.6	0.3
Finance costs	5.3	2.9	7.1
Operating profit	0.6	5.9	6.8
Share-based payments	0.1	0.1	0.1
Depreciation and amortisation charges	5.1	4.6	9.4
Cash flow from operations before movements in working capital	5.8	10.6	16.3
Decrease in inventory	4.8	42.8	79.8
Decrease / (Increase) in trade and other receivables	0.7	(6.3)	(4.8)
Increase / (Decrease) in trade and other payables	1.8	(18.2)	(50.0)
Cash generated from operations	13.1	28.9	41.3
Interest paid on borrowings and financial facilities	(4.2)	(1.9)	(5.1)
Interest paid on lease liabilities	(1.1)	(1.0)	(2.0)
Income tax received / (paid)	1.6	(1.1)	(1.1)
Net cash generated from operating activities	9.4	24.9	33.1
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	(1.9)	(5.5)	(9.4)
Proceeds from disposal of property, plant and equipment and right-of-use assets	-	9.7	9.7
Net cash (used in) / generated from investing activities	(1.9)	4.2	0.3
Cash flows from financing activities			
Payments to satisfy employee share plan obligations	-	(0.7)	(0.7)
Repayment of leases	(1.9)	(2.7)	(5.9)
Repayment of borrowings	(19.5)	(47.0)	(57.0)
Proceeds from borrowings	19.5	18.0	28.0
Net cash used in financing activities	(1.9)	(32.4)	(35.6)
Net increase / (decrease) in cash and cash equivalents	5.6	(3.3)	(2.2)
Cash and cash equivalents at the beginning of the period / year	5.6	7.8	7.8
Cash and cash equivalents at end of the period / year	11.2	4.5	5.6
Net cash and cash equivalents comprises:			
Cash at bank	11.2	4.5	5.6

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

1. Basis of Preparation

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, DE21 6LY. The Condensed Consolidated Interim Financial Statements of the Company as at and for the six months ended 30 September 2023 comprise the Company, all of its subsidiaries and the Motorpoint Group Plc Employee Benefit Trust (the 'EBT'), together referred to as the “Group”. These Interim financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

The Condensed Consolidated Interim Financial Statements for the six months ended 30 September 2023 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. Available stocking facilities remained at £195.0m during the period, although reduced to £175.0m in October 2023 in line with stock requirements. Arrangements relating to the unsecured loan facility provided by Santander UK PLC (£35.0m split between £6.0m available as an uncommitted overdraft and £29.0m available as a revolving credit facility) were extended in June 2023 to June 2026 (previously May 2024), with the option to extend for two further one year periods if agreed by both parties.

The 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 interim results.

The Board has considered a severe but plausible downside scenario, when compared with the base model, 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. In this case, the business would make efforts to reduce expenditure at both current sites and consider the capital expenditure for any new sites. This scenario demonstrates that the Group would comply with the relevant covenants.

The Directors are aware of the impact of rising inflation, interest rates, consumer uncertainty and worldwide vehicle supply chain challenges as described previously, but after assessing these risks do not believe there to be a material risk to the going concern of the Group.

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 interim results.

2. Statement of Compliance

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with UK adopted IAS 34 Interim Financial Reporting and the Disclosure and Transparency Rules sourcebook of the UK's Financial Conduct Authority. 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 2023. These condensed consolidated interim financial statements were approved by the Board of Directors on 22 November 2023.

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 2023 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 2023 are listed in the Motorpoint Group PLC Annual Report and Financial Statements on pages 126-134.

4. Comparative Figures

The comparative figures for the financial year ended 31 March 2023 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.

5. Segmental Reporting

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

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

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

	Retail	Retail	**Wholesale**	Wholesale	**Total**	Total
	30 September 2023	30 September 2022	**30 September 2023**	30 September 2022	**30 September 2023**	30 September 2022
	£m	£m	**£m**	£m	**£m**	£m
Revenue	509.8	653.1	97.4	133.6	607.2	786.7
Cost of sales	(477.1)	(609.7)	(92.4)	(128.3)	(569.5)	(738.0)
Gross profit	**32.7**	43.4	**5.0**	5.3	**37.7**	48.7

6. Revenue

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

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

(i) Sales of motor vehicles

Revenue from the sale of retail 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.

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

The Group operates a return policy which is consistent with the relevant consumer protection regulations. This is offered in the form of a seven day exchange guarantee to all retail customers and a 14 day money back guarantee for home delivery customers.

(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.

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 for all motor related services 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.

	Six Months ended 30 September 2023 £m	Six Months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Revenue from sale of motor vehicles	578.1	745.3	1,370.7
Revenue from motor related services and commissions	25.9	34.5	62.6
Revenue recognised that was included in deferred income at the beginning of the period – Sale of motor vehicles	0.2	3.9	3.9
Revenue recognised that was included in deferred income at the beginning of the period – Motor related services and commissions	3.0	3.0	3.0
Total Revenue	**607.2**	**786.7**	**1,440.2**

7. Finance costs

	Six Months ended 30 September 2023 £m	Six Months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Interest on bank borrowings	0.4	0.2	0.4
Interest on stocking finance facilities	3.8	1.7	4.7
Other interest payable	1.1	1.0	2.0
Total finance costs	**5.3**	**2.9**	**7.1**

8. Taxation

The tax charge for the period is provided at the effective rate of 25.0% (H1 FY23: 20.0%) representing the best estimate of the average annual tax rate for the full year profit.

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.

No dilution in H1 FY24 due to the Group making a loss before taxation.

	Six Months ended 30 September 2023	Six Months ended 30 September 2022	Year ended 31 March 2023
(Loss) / Profit Attributable to Ordinary Shareholders (£m)	(3.5)	2.4	(0.6)
Weighted average number of ordinary shares in Issue ('000)	90,190	90,190	90,190
Basic Earnings per share (pence)	(3.9)	2.7	(0.7)
Diluted Number of Shares in Issue ('000)	90,190	90,207	90,190
Diluted Earnings per share (pence)	(3.9)	2.7	(0.7)

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the various Group share plans. This is shown in the reconciliation below.

	Six Months ended 30 September 2023	Six Months ended 30 September 2022	Year ended 31 March 2023
Weighted average number of ordinary shares in Issue ('000)	90,190	90,190	90,190
Adjustment for share options ('000)	-	17	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	90,190	90,207	90,190

10. Intangible assets

	WIP £m	IT projects £m	Total £m
At 1 April 2023	0.6	3.1	3.7
Additions	-	1.0	1.0
Transfers	(0.3)	0.3	-
Amortisation	-	(0.5)	(0.5)
At 30 September 2023	0.3	3.9	4.2

11. Property, plant and equipment

	WIP £m	Land £m	Short term leasehold improvement £m	Plant and machinery £m	Fixtures and fittings £m	Office equipment £m	Total £m
At 1 April 2023							
Cost	0.5	2.4	14.2	2.4	3.6	4.8	27.9
Accumulated depreciation	-	-	(7.6)	(1.6)	(1.9)	(3.7)	(14.8)
Net book value	**0.5**	**2.4**	**6.6**	**0.8**	**1.7**	**1.1**	**13.1**
Opening net book value	0.5	2.4	6.6	0.8	1.7	1.1	13.1
Additions	-	-	0.6	-	0.1	0.2	0.9
Transfers	(0.3)	-	0.2	0.1	-	-	-
Depreciation	-	-	(0.9)	(0.2)	(0.2)	(0.3)	(1.6)
Closing net book value	0.2	2.4	6.5	0.7	1.6	1.0	12.4
At 30 September 2023							
Cost	0.2	2.4	15.0	2.5	3.7	5.0	28.8
Accumulated depreciation	-	-	(8.5)	(1.8)	(2.1)	(4.0)	(16.4)
Net book value	**0.2**	**2.4**	**6.5**	**0.7**	**1.6**	**1.0**	**12.4**

12. Right-of-use assets

Right-of-use assets	**30 September 2023 £m**	30 September 2022 £m	31 March 2023 £m
Balance brought forward	58.4	46.7	46.7
Additions	-	14.1	17.4
Depreciation charge	(3.0)	(3.0)	(5.7)
	55.4	**57.8**	**58.4**

13. Trade and other receivables

	30 September 2023	30 September 2022	31 March 2023
Due within one year	**£m**	£m	£m
Trade receivables	9.6	16.0	9.9
Prepayments	2.1	3.9	3.9
Accrued income	6.4	-	4.6
	18.1	**19.9**	**18.4**

The Directors' assessment is that the fair value of trade and other receivables is equal to the carrying value. Accrued income relates to commissions earned from finance companies.

14. Lease liabilities

	30 September 2023	30 September 2022	31 March 2023
Lease liabilities	**£m**	£m	£m
Balance brought forward	63.6	52.8	52.8
Additions to lease liabilities	-	13.5	16.7
Repayment of lease liabilities (including interest element)	(3.0)	(3.7)	(7.9)
Interest expense related to lease liabilities	1.1	1.0	2.0
	61.7	63.6	63.6
Current	4.2	2.7	3.4
Non-current	57.5	60.9	60.2
	61.7	**63.6**	**63.6**

15. Trade and other payables

Due less than 1 year

	30 September 2023	30 September 2022	31 March 2023
	£m	£m	£m
Trade payables			
- Trade creditors	20.8	27.5	18.6
- Stocking finance facilities	102.3	124.6	102.5
Other taxes and social security			
- VAT payable	4.3	1.1	0.7
- PAYE/NI payable	0.7	1.0	0.9
Other creditors	1.5	0.1	0.3
Accruals and deferred income	16.0	21.4	20.8
	145.6	**175.7**	**143.8**

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

16. Provisions

	30 September 2023 £m	30 September 2022 £m	31 March 2023 £m
Make good provision[1]	2.5	3.0	2.5
Onerous leases[2]	0.1	0.1	0.1
	2.6	3.1	2.6
Current	-	0.1	-
Non-current	2.6	3.0	2.6
	2.6	**3.1**	**2.6**

(1) Make good provision
The Group may be 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.
The timing of the cash outflow relating to the make good provision is in line with the life of the relevant lease. The remaining term on existing leases ranges from 2 to 16 years with a weighted average of 10 years.
There is judgement associated with the potential cost of remediation of each property and estimated provisions have been based on the past experience of the Group.

(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. The onerous lease is likely to be utilised for a period of 3 years.

17. Post balance sheet events

On 2October 2023, a significant amount of damage was caused to inventory and the fixed assets within the Derby store because of flooding in the area. Assessments for the full value of the damage are still being carried out at the day of signing. However, the Group expects that this will be covered through the insurance policies held.

Given the significant headroom on the stocking facility with Black Horse Limited, it was agreed to reduce this by £20.0m to £100.0m in October 2023. The equivalent facility with Lombard North Central of £75.0m remains at the same level.

ALTERNATIVE PERFORMANCE MEASURES "APMs"

Return on capital employed (ROCE)

	30 September 2023	30 September 2022	31 March 2023
Operating profit before exceptional items for the last 12 months (£m)	**2.5**	15.8	6.8
Average net assets (£m)	**38.7**	39.2	39.2
ROCE	**6.5%**	40.3%	17.3%