



Vertu Motors plc (“Vertu”, “Group”)
Unaudited interim results for the six months ended 31 August 2023
“Record revenues, year-on-year profit and dividend growth”

Vertu Motors plc, the automotive retailer with a network of 190 sales and aftersales outlets across the UK and with sector leading brands, announces its interim results for the six months ended 31 August 2023 (“the Period”).

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

“The Group has delivered 11.7% year-on-year profit growth benefitting from increased scale. The consistent strategies around digitalisation, cost efficiency, smart capital allocation and the development of our management and colleagues is providing a firm grounding to deliver value to our shareholders. The interim dividend increase of 21.4% shows the Group’s financial strength and the progress being made. Trading in the key month of September was strong reflecting the plate change in new cars.”

FINANCIAL SUMMARY

	H1 FY24	H1 FY23	FY23
Revenue	£2,422.5m	£1,999.7m	£4,014.5m
Adjusted ¹ profit before tax	£31.5m	£28.2m	£39.3m
Free Cash Flow	(£0.4m)	£23.2m	£54.3m
Basic Adjusted ¹ EPS	6.89p	6.50p	9.16p
Dividends per share	0.85p	0.70p	2.15p
Net (Debt) / Cash ²	(£90.7m)	£17.8m	(£75.4m)

HIGHLIGHTS

- Delivery of strategy to grow a scaled franchised dealership group exhibited with successful integration of the significant Helston acquisition
- Revenues grew over 20% to record levels aided by acquisitions and growth in the Core Group
- Core Group gross profit increased £11.9m in the Period
- Adjusted¹ profit before tax up 11.7% to £31.5m (H1 FY23: £28.2m)
- Gross margin of 11.0% (H1 FY23: 11.2%) achieved, with an increase in used vehicle gross profit per unit compared to H2 FY23
- Free Cash Flow reflects targeted investment in used vehicle inventory to drive market share in H2: Capex forecast for full year reduced by £10.2m
- Net tangible assets per share of 70.9p (28 February 2023: 65.3p) reflecting strong asset base
- Bristol Street Motors remains the highest-ranking franchised dealership brand in England for prompted brand awareness

- 7.7m shares (representing 2.2% of share capital in issue on 1 March 2023) repurchased at a cost of £5.0m since 1 March 2023: buyback continues with 14% of issued shares repurchased over the last seven years
- Increased interim dividend of 0.85p per share declared, up 21.4% from 0.70p in H1 FY23, payable in January 2024
- Low gearing ratio of 25.5% with strong freehold asset base

CURRENT TRADING AND OUTLOOK

- The Board anticipates that full year profits will be in line with current market expectations
- Strong performance delivered in the plate change month of September despite economic headwinds
- New vehicle supply continues to improve
- Used vehicle sales volume improving with prices reflecting more normalised depreciation patterns
- High margin aftersales demand remains robust and increased technician resource is being sourced to capture more aftersales revenues and profits
- Number of quality bolt-on acquisition opportunities identified
- The Board is closely monitoring the impact of the Agency model on Group performance

¹ Adjusted to remove share-based payments charge, amortisation of intangible assets and other non-underlying items

² Excludes lease liabilities, includes used vehicle stocking loans

Webcast details

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

For further information please contact:

Vertu Motors plc

Robert Forrester, CEO

Karen Anderson, CFO

Phil Clark, investor relations

Tel: 0191 491 2121

PClark@vertumotors.com

Zeus Capital Limited

Jamie Peel

Dominic King

Tel: 020 3829 5000

Camarco

Billy Clegg

Tom Huddart

Letaba Rimell

Tel: 020 3757 4983

CHAIRMAN'S STATEMENT

The Group continued its long run success in delivering high levels of operational excellence during the period ended 31 August 2023. Adjusted³ profit before tax of £31.5m represents an increase of 11.7% on the same period last year, despite economic headwinds and was aided by the significant Helston acquisition executed in December last year. There were a number of noteworthy highlights in the Period:

- Successful integration of the Helston acquisition and the Board is pleased with progress to date. This acquisition added a total of 28 sales outlets to the Group and despite the extent of this acquisition, full integration onto the Group's systems platforms and processes was completed by the end of March 2023.
- The Group's strategic objective to grow as a major scaled franchise automotive retail group is born from the belief that scale benefits can be maximised in a larger group, which the Group is demonstrating. Enduring manufacturer partnerships continue to play a pivotal role in realising these advantages. I take great pride in the fact that our Group maintains strong relationships with our carefully chosen manufacturer partners. These relationships are a direct result of our commitment to operational excellence and customer experience and the mutual respect that underpins our collaborations.
- The Group's scale justifies investment in the in-house development of systems, delivering both for customers, colleagues, and enhanced cost efficiency. These scalable platforms were quickly rolled into the acquired dealerships and work continues to maximise Group-wide efficiency benefits using technology. During the Period, the Group has improved its aftersales customer journey with the roll out of self-service on-line check in capability which not only provides a great customer experience but also aids efficiency in the dealerships. The Group has started to roll out its in-house developed deferred payment service to aftersales customers, providing enhanced customer choice at a reduced cost to the Group. Significant progress has been made in the use of data to improve used car stock and sales management through the rollout of the new Vertu Insights product.
- There has been continued application of stringent capital allocation disciplines:
 1. The Group has continued to apply a multi-franchising strategy to maximise the profit opportunity in certain physical locations and to align with Manufacturer representation plans.
 2. Pruning activities have been successfully undertaken in the Period with the sale of an accident repair centre in Newcastle and surplus property held for resale, releasing capital to be redeployed to generate returns in excess of cost of capital. There is more cash to release from these activities.
 3. The interim dividend, a vital element of shareholder return, has been increased by 21.4%.
 4. Additionally, the Group has also returned £5.0m to shareholders through the repurchase of over 7.7m shares since 1 March 2023. The Group currently has £4m of unutilised buyback authority, following an additional £3m authority.
- The Group has continued to progress towards the reduction of its environmental impact and management of energy costs. £1.9m has been invested in the Period in green technologies such as solar panels and LED, with a remaining £3.0m planned for further such installations in the remainder of FY24. The investment in solar panels has been made in connection with the

Group's energy strategy which seeks to self-generate 12% of the Group's energy needs via onsite solar energy and it is pleasing to note that whilst the project is not yet complete, 9.54% of the Group's energy needs in August were self-generated.

- Having the right resource levels and leadership throughout the business is critical to deliver operational excellence. Technician and sales team remuneration packages have been enhanced and restructured in the Period, to increase retention and recruitment.
- At board level, John Mewett, CEO of Screwfix, joined as a Non-executive Director in June 2023. John brings to the Board substantial retailing experience, including omnichannel experience, as well as experience in running substantial multi-site operations. We are confident his perspectives will add value and are already seeing benefits. The Nominations Committee is currently undergoing a process to recruit a successor to Ken Lever, Senior Non-executive director, who will have been on the Board for nine years next year and will consequently step down, having made an incredible contribution to the development of the Group.

I am very proud to see how every colleague has contributed to the success of the Group and I would like to thank them for this. The commitment that they continue to show is exemplary and humbling. Performance is critical but the manner in which it is delivered is of equal importance.

Andy Goss, Chairman

³ Adjusted to remove share-based payments charge, amortisation of intangible assets other non-underlying items.

CHIEF EXECUTIVE'S REVIEW

Strategy Summary

The Group's key long-term strategic goal remains: To deliver growing, sustainable cashflows from operational excellence in the franchise automotive retail sector. The strategic objectives of the Group, which have been recently reviewed and confirmed by the Board, are summarised below:

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

The Group continues to make progress in all four areas of its strategy.

There are two very important matters which are and will influence the Group's development and performance in the coming years, being electrification and the transition to the agency model in new sales by a number of the Group's Manufacturer partners. These are addressed below:

1. Electrification

The UK Government, until recent announcements, intended to ban the sale of new petrol and diesel cars in the UK from 2030. However, implementation of a strategy for infrastructure to achieve this deadline is lagging, meaning the UK is likely to lack the required charging infrastructure needed by 2030. Given the current cost of living pressures on consumers and the potential impact on the wider economy, the Government has taken a pragmatic approach to row back from an all-out ban until 2035. This aligns to the strategy adopted by the EU.

Despite this policy announcement, the UK Government have imposed a mandate for Manufacturers to achieve specific zero emissions vehicle sales targets (ZEV mandate), starting at 22% of total car sales and 10% of van sales in 2024. The target rises incrementally each year to 80% for cars and 70% for vans in 2030, and 100% for both by 2035. Manufacturers will pay the Government £15,000 for every car that doesn't comply. This policy will drive electrification, despite the Prime Minister's recent announcement, but at least now provides certainty.

Increased supply of new electric vehicles from Manufacturers, is evident whilst retail demand (as opposed to fleet) remains muted. The Government's confusing messaging may further contribute to this. Manufacturers are therefore seeking to stimulate retail demand for these vehicles through the offer of discounted prices and supported finance rates. These market dynamics combined with the ZEV mandate have the potential to disrupt the recovery of the new car market in the next few years.

The transition to battery electric vehicles ("BEV") also faces a further challenge from tightening Rules of Origin requirements under the post-Brexit Trade and Cooperation Agreement. From January 2024

an electric vehicle shipped between the UK and the EU will need to have 60% of its battery value and at least 45% of its overall parts value sourced from within the two regions, or tariffs will apply between the EU and UK. It is likely, therefore, that from 2024, some BEVs sold between the EU and UK will face 10% tariffs, pushing up prices for consumers. The UK Government has sought to delay the introduction of this levy until 2027. This is backed by Manufacturers in both the UK and EU, who have warned they will not be able to comply due to the lack of current battery manufacturing capacity in Europe. The German government has recently been reported as adding their support to a three-year delay to these requirements, fearing European manufacturers will be left uncompetitive against Chinese BEV Manufacturer entrants. The latter are starting to commence sales in Europe and appear to have some cost and potentially technological advantages. They may take market share to some degree from established players and the Group has a strategy to ensure there is a continued and increasing Chinese component to its franchise portfolio.

The SMMT registration statistics show UK BEV registrations in the calendar year to 31 August 2023 represented 16.4% of all sales, a growth of 40.5% year-on-year. All this growth has been achieved in the fleet sales channel which delivered sales growth of 64.8%. Sales of BEV cars to retail customers in the year to August have declined 8.5% compared to the prior year. This evidence of a cooling of demand for BEV from retail customers is driven by a number of factors. Higher electricity costs have increased running costs, the removal of the plug-in car grant scheme on 14 June 2022 and inadequate UK public charging infrastructure have all had an impact on demand and public perception. The media in the UK have been increasingly negative on the topic of BEV.

Increased electrification of the vehicle parc requires ongoing investment in infrastructure such as in aftersales capabilities and charging facilities. The Group invested £0.2m in charging infrastructure in the Period with a further £1.3m planned in the remainder of the financial year. Aftersales revenues from electrification will undergo changes with reducing servicing likely, however, there are other opportunities in areas such as tyres, accident repair and battery repair and replacement. Changes in the UK vehicle parc will arise very gradually and a slower pace of electrification would elongate this.

The Board is confident that the Group's Manufacturer partners have the technological and financial capability to make the required transitions to BEV. The Group is successfully selling BEV product profitably across its portfolio.

2. Agency model of distribution

Several Manufacturers in the UK have moved or indicated they will move to an agency sales distribution model over varying timescales. Under this model, in respect of new vehicle sales, the Manufacturer invoices the customer directly, while the retailer undertakes the sales process and customer contact as an agent, as a physical touchpoint. The retailer-turned-agent receives a commission on each new vehicle sale but in many cases, owns no new car inventory and no longer sets prices or discounts. There are varying iterations of the agency model proposed and the picture continues to evolve both legally and in detailed implementation.

The Group has long operated on an agency basis for a significant proportion of fleet and parts sales. The first of the Group's significant Manufacturer partners to operate the agency model for new retail sales was Mercedes-Benz passenger cars which moved to a genuine agency model on 1 January 2023. Volvo followed with their implementation in June 2023. These implementations have been largely successful from a systems perspective. The Volkswagen Group brands are likely to be the next in line for agency implementation over the next 12 months for BEV vehicles only.

Agency models are a change in how the business operates in the new retail channel, with reduced capital requirements and risk from inventory and the impact of supply and demand imbalances in new cars. The implementation is at an early stage across the sector (a number of Manufacturers have

stated they will not make the transition). The Board believe that on the basis Manufacturers require, in either an agency or traditional franchised setting, a visible retail network (including aftersales) making an appropriate return to investors, we consider that medium-term returns will remain attractive in either model. We will continue to monitor business performance by Manufacturer as has always been the case.

Strategic Execution Highlights

The following represents an update on the Group's execution of its strategy in the Period:

- *Financial strength*

The Group's balance sheet strength is underpinned by an extensive freehold and long leasehold property portfolio and a largely unencumbered inventory of used vehicles. This strong asset base, together with a low gearing level of 25.5%, (including used vehicle stocking loans) means the Group has a high level of financial resilience and the firepower to fulfil further growth ambitions in the future. This conservative approach is reflected in the Boards stated objective that Net debt/EBITDA should not exceed 1.5 times in the medium-term.

- *Management capacity*

The Group has a stable and very experienced senior management team, with an established track record of execution and performance delivery. The three founders from 2006 remain Executive Directors. A 'Next Generation' two-year talent programme, to develop the next generation of the Group's senior management, was launched at the start of the Period to augment the Group's existing training and leadership development initiatives. This is an important initiative.

On 1 September 2023 one of the members of this programme, Anthony Masterson, was promoted to the Group's operational board, the CEO Committee, as BMW/MINI Group Operations Director. Anthony joined the Group in 2020 and has successfully developed a substantial new division for the Group in that time.

On 14 August 2023, another Next Generation programme member, Spencer Clayton-Jones joined the Group as Strategy Director. He joins after having a long career with Volkswagen and Nissan. He was latterly Nissan GB Network Development and Customer Quality Director.

Both of these appointments to the CEO Committee strengthen the core senior team providing deep expertise and additional bandwidth.

- *Strong Brands*

The Group operates three major customer facing brands in the UK: Bristol Street Motors, Macklin Motors and Vertu Motors with a significant marketing strategy in place. Bristol Street Motors is the leading franchise sector brand in England and Wales in terms of prompted brand awareness (56.6%: Source: YouGov). Each of the Group's brands is supported by TV campaigns, sports sponsorships and partnerships and digital marketing initiatives. Tangible scale benefits arise from this strategy as additional outlets are added.

- *In-house developed Technological Platform*

The scale of the Group allows it to invest in the development of systems and operations to further augment the Group's customer offering and enhance profitability through maximising margins and increasing productivity to reduce costs. The Group's in-house developed systems provide uniform processes and control, as well as live management information and data to allow speedy and appropriate decision making. The in-house function has 54 software and robotics developers.

During the Period a comprehensive Group data warehouse has been developed. This will provide a bedrock of data for the Group and the opportunity to drive further efficiencies across our finance, sales, aftersales and marketing functions.

The Group's Customer Data Platform is an example of the use of the data warehouse to increase the personalisation, targeting and ROI of the Group's marketing spend. Initial use cases have been rolled out successively, for example, in the area of post service follow up of aftersales customers and a significant expansion of use cases is planned.

An in-house developed deferred payment option for service customers is currently being rolled out across the Group. The offering has a powerful impact on converting work from Visual Health Check activity and drives higher average invoice values whilst at a reduced cost when compared to the existing third-party solution.

A new project commenced in the Period investing substantial development resource to improve the productivity and efficiency of the Group's financial processing. Initial scoping has highlighted exciting opportunities to improve efficiency levels in several key areas.

The Period saw the benefits of the introduction of a third-party digital self-service check-in system for customers to use in the Group's service departments. Customers can check-in from home and use the instore kiosks where they can safely deposit their vehicle keys. Fifty percent of customers now check-in online and one in four customers are using the kiosks to drop off their keys. The Group has also seen increased penetration of add-on sales in service from customers using this facility. Further developments are in progress around remote payments and provision of courtesy cars via the kiosks.

- *Development of Ancillary Businesses*

The Group has a strategy to develop ancillary businesses to add revenue and returns that complement the core dealership businesses. Opportunities are reviewed to extend these operations further and one highlight is the growth of the Vertu Cosmetic Repair business in the Period. It now operates a fleet of 114 vans and by the end of the financial year, the fleet will have increased further. The vans are augmented by a number of fixed sites including a substantial new investment made in Exeter. Dedicated management oversee the operations of this cosmetic repair business and the Group's 12 accident repair centres. This focus has driven an improvement in the profitability of these businesses in the Period. A new standalone accident repair centre is about to open in Yeovil.

The Group is actively exploring the development of a separate retail focused smart repair business to provide cosmetic repair to the Group's 2 million customers.

- *Colleague resource and development*

It is a priority of the Group to develop and motivate the Group's colleagues to ensure the delivery of operational excellence and outstanding customer experiences. This drives long-term sustainable cashflows. Workforce recruitment and retention remains a challenge for UK business, with the number of UK job vacancies remaining around 1.0 million (source: ONS), despite recently falling. The Group was successful in reducing vacancy levels in the second half of FY23. The Group has reviewed resource levels particularly in the areas of technicians and the sales team and believes further recruitment can boost revenues in vehicle sales and service. Current vacancy levels have therefore increased again as the Group seeks to expand the productive workforce. In addition, the Group is recruiting significant numbers of apprentices across the business. The Group acted on remuneration levels in the areas of technicians and sales executives over the summer, to improve recruitment and retention levels.

The Group has long been committed to extensive investment in the development of all colleagues to provide opportunity to those who are talented and have a strong work-ethic to succeed. Programmes

include a degree apprentice scheme, technician apprentice schemes and development programmes to facilitate progression to management roles in all areas. These schemes and the Group's wider talent programmes are designed to deliver a meritocracy in the Group with equal opportunities: Hard-working, talented colleagues with excellent character are promoted quickly through the organisation.

- *Responding to energy cost increases*

The Group has continued to execute on its energy purchasing strategy in the Period. This strategy includes an intention to enter into a 5-year Power Purchase Agreement (PPA) which will provide the Group with 40% of its electricity needs from off-grid energy solutions. This proposed contract will manage the Group's exposure to energy market price volatility risks. In addition, 35 of the Group's dealerships now have solar panels installed and these panels generated 9.54% of the Group's August electricity requirement. Solar panel installations at the remaining dealerships approved in the overall £3m investment will be completed by the end of October.

Portfolio Development

In the year ended 28 February 2023, the Group completed the largest single acquisition in its history and increased its number of sales outlets by a net 31 over the Year. The Helston acquisition has progressed well, with all Group systems implemented and brands adopted by the end of March 2023. Recruitment remains critical to ensure the acquired business has the right resource levels to increase sales, maximise the market opportunity and deliver outstanding customer service. The Board envisages expected synergies to be delivered to the previously announced timescales. The acquisition has significantly helped the Group grow overall earnings in the Period.

The Group has several potential bolt-on acquisitions in the pipeline to continue to deliver on its Growth Strategy and to gain scale and market share.

- *Multi-franchising and new outlets*

On the 24 April 2023, the Group agreed a sub-lease of a former Cazoo outlet in Tamworth, Staffordshire. The outlet opened in July 2023 as a Bristol Street Motor Nation used car outlet and has performed successfully since opening. The opening follows the strategy of the Group being opportunistic as opportunities arise in strong retail locations for the Group. In the past outlets which opened as Bristol Street Motor Nation in Doncaster and Glasgow have been transitioned to Franchise dealerships over time. Indeed, the Group's Bristol Street Motor Nation outlet in Stockton, which opened on 1 March 2022 will soon be rebranded to the Nissan franchise, with new vehicle sales for the brand targeted to commence on 1 December 2023. This will complete a market area for the Group representing Nissan across the whole of Teesside.

In July 2023, the Group agreed a sub-lease of a former Stratstone Jaguar dealership in the west of Newcastle upon Tyne. This site is being refurbished for the relocation of the Group's existing Vauxhall franchise from nearby Scotswood Road in the City. The targeted opening date for Vauxhall in this new location is 1 November 2023. Following the move, the substantial freehold dealership vacated by Vauxhall will open as a Ford car and commercial vehicle operation. This follows the award by Ford of Tyne and Wear as a market area to the Group. This additional significant Ford operation augments the existing representation of the brand by the Group in nearby Morpeth, Durham, and Hartlepool.

On 12 September 2023, the MG franchise opened in Chesterfield, alongside the Group's existing Vauxhall dealership. This marks the fourth sales outlet for the MG brand (owned by SAIC of China) operated by the Group, alongside the existing outlets in Beaconsfield, Carlisle and Edinburgh. MG has a 4.16% market share of the UK car market in the 8 months ended 31 August 2023.

- *Active Management*

The Board continues to actively manage the Group's portfolio of properties and businesses. This includes assessing further growth opportunities as well as the future potential of existing businesses, utilising strict investment return metrics to ensure discipline in capital allocation.

Between FY18 and FY23, active management of the portfolio has generated cash proceeds of £6.2m from the sale of surplus properties, £1.2m more than book value. In the Period, the Group continued to generate cash from surplus properties, selling two of the properties held of resale as at 28 February 2023. A surplus dealership in Taunton acquired in the Helston acquisition, was sold for proceeds of £0.8m and the accident repair centre business and property in Newcastle was disposed for £1.6m in the period. These transactions generated a profit on disposal of £0.5m. Additional surplus properties are held by the Group and are expected to be disposed in the next nine months. Cash proceeds of £7.3m are anticipated, circa £2.5m in excess of book value. The largest element within this portfolio is a development site in central Glasgow. Planning has been approved and the four months judicial review window is now open. Proceeds of £5.5m are anticipated to be received in the first half of the calendar year 2024.

During the Period, the Group closed operations at its BMW/MINI outlet in Malton, Yorkshire and secured an early exit from the associated leasehold premises. The Group also exited from a Ford operation in Stroud, Gloucestershire. Exiting these sub-scale dealerships has reduced operating expenses and the Group has retained many of the sales and service customers in its nearby York BMW and MINI and Gloucester Ford dealerships, so augmenting revenues and profits at these outlets. The Stroud site is freehold and has been sold for £0.9m subject to residential planning consent.

Current Trading and Outlook

The Board anticipates that profits for the financial year ending 29 February 2024 will be in line with current market expectations.

September trading performance saw strong profit generation reflective of a plate change month. Like-for-like new car, fleet and commercial volume growth was delivered, aided by the improving supply situation. New vehicle margins are normalising as supply has eased.

Used car volume trends improved compared to the reported Period. UK used vehicle values are starting to see a more normal monthly declining pattern. The market is seeing some weakness in higher-end product values and margins, whilst used electric vehicle value reductions have normalised.

Aftersales demand remained strong and higher technician resource levels are helping to drive increased revenues. This improved resource level should underpin aftersales performance for the remainder of the financial year.

Cost control remains a major focus. The delivery of the Group's energy buying strategy should minimise the risk of utility cost fluctuations. Whilst recent action on pay has been undertaken, this should boost recruitment and retention of key roles such as sales executives and technicians.

Future consumer confidence levels will be key in determining future retail vehicle demand and the Board remain cautious in this regard.

The Board believes that the Group is very well positioned to deliver on its stated strategy and to take advantage of the increasing opportunities in the UK sector, with a good pipeline of bolt-on acquisitions.

Robert Forrester, CEO

CHIEF FINANCIAL OFFICER'S REVIEW

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

	H1 FY24 £'m	H1 FY23 £'m	H1 FY24 Var to H1 FY23 %
Revenue	2,422.5	1,999.7	21.1%
Gross Profit	267.2	223.7	19.4%
Operating expenses	(225.8)	(192.4)	(17.4%)
Adjusted Operating Profit	41.4	31.3	32.3%
Net Finance Charges	(9.9)	(3.1)	(219.4%)
Adjusted Profit Before Tax	31.5	28.2	11.7%
Non-Underlying items ⁴	(1.4)	(1.3)	(7.7%)
Profit Before Tax	30.1	26.9	11.9%
Taxation	(7.7)	(5.4)	
Profit After Tax	22.4	21.5	

⁴ Non-underlying items represent share-based payment charges, amortisation of intangible assets and other non-underlying items.

The Group delivered an adjusted profit before tax of £31.5m in the Period, aided by the contribution from the substantial Helston acquisition completed in December 2022. Of the £11.1m increase in adjusted operating profit, £6.0m related to Helston businesses with other acquisitions and disposals contributing another £0.6m. Underlying core Group adjusted operating profit therefore also increased in the Period despite economic pressures and cost headwinds.

Revenue grew by £0.4bn to £2.4bn, with an increase of £159.9m (8.1%) delivered in the Core Group, aided by new and used average vehicle sales prices. The remaining increase in revenues of £262.9m arose from dealerships and businesses acquired.

Net finance charges rose by £6.8m to £9.9m reflecting higher new car stocking loans, the impact of higher interest rates and higher levels of debt year-on-year, reflecting the substantial purchase of the Helston Group.

Revenue and Gross Profit by Department

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

	H1 FY24 £'m	H1 FY23 £'m	H1 FY24 Var to H1 FY23 %
Revenue			
New	744.0	557.6	33.4%
Fleet & Commercial	525.6	428.7	22.6%
Used	947.8	854.5	10.9%
Aftersales	205.1	158.9	29.1%
Total Group Revenue	2,422.5	1,999.7	21.1%
Gross Profit			
New	63.0	47.4	32.9%
Fleet & Commercial	26.8	20.2	32.7%
Used	67.4	67.1	0.1%
Aftersales	110.0	89.0	23.6%
Total Gross Profit	267.2	223.7	19.4%
Gross Margin			
New	8.5%	8.5%	-
Fleet & Commercial	5.1%	4.7%	0.4%
Used	7.1%	7.9%	(0.8%)
Aftersales ⁵	43.8%	45.4%	(1.6%)
Total Gross Margin	11.0%	11.2%	(0.2%)

⁵ Aftersales margin expressed on internal and external revenues

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

	Total units sold			Like-for-like units sold		
	H1 FY24	H1 FY23	% Variance	H1 FY24	H1 FY23	% Variance
Used retail vehicles	43,921	43,022	2.1%	40,099	42,501	(5.7%)
New retail cars ⁵	20,027	17,673	13.3%	17,608	17,408	1.1%
Motability cars	8,626	4,711	83.1%	8,291	4,659	78.0%
Direct fleet cars	9,688	9,205	5.2%	8,730	9,008	(3.1%)
Agency fleet cars	3,725	2,317	60.8%	3,725	2,325	60.2%
Total fleet cars	13,413	11,522	16.4%	12,455	11,333	9.9%
Commercial vehicles	9,422	8,707	8.2%	9,229	8,692	6.2%
Total New vehicles	51,488	42,613	20.8%	47,583	42,092	13.0%
Total Vehicles	95,409	85,635	11.4%	87,682	84,593	3.7%

	Variance ⁶	UK Market (SMMT)
New Retail Car	(0.3%)	1.4%
Motability Car	12.6%	65.4%
Fleet Car	(26.4%)	36.3%
Commercial	(13.6%)	19.8%

⁵Including agency volumes

⁶ Represents the variance of like-for-like Group volumes to the UK trends reported by SMMT

Used retail vehicles

Three consecutive years of low new vehicle registrations in the UK have led to an ongoing constrained supply of used vehicles, which will continue for a further number of years. Autotrader recently highlighted that these supply trends will drive 27%⁷ fewer sub-5-year-old-cars in the UK parc in 2024 compared to 2019. These trends have increased the mix of older vehicles on dealership forecourts. Such vehicles typically require more preparation to ready them for sale, in terms of both mechanical and cosmetic repair work and form an increasing proportion of Group stock. Despite the impact of cost of living and rising interest rates, for many, used vehicles remain a necessity purchase, so there remains consistent demand for used vehicles in the UK.

Supply constraints have, helped to drive stability in overall used vehicle prices, despite average prices generally remaining high, current prices are around 25% higher than January 2021. One exception to this overall benign pricing picture, however, has been electric vehicles. Used EV supply grew rapidly in the last 12 months, albeit from a very low base, and it is anticipated that, one in seven 1–3-year-old cars in the UK parc will be electric by the end of 2023. Consequently, used EV supply outstripped retail demand partly due to their high prices in the early part of the year. Prices fell significantly as a result, with a 44%⁸ correction in the last year. However, the latest monthly price fall was the smallest movement applied to EVs this year and was broadly in line with other fuel-types of vehicles. Used EV pricing appears to have bottomed out and a new, more affordable base price has been established for used electric vehicles. Demand and supply are therefore much more aligned. In the Period, EV sales in used cars represented 4.7% of Group used vehicle volumes.

The Group monitors the pricing demand and supply environment and has continued to develop its used vehicle pricing and analytical tools to optimise gross profit generation, stock turn and control inventory. The Period started with reduced levels of used vehicle inventory as the Group reduced inventory with a view to maximising margin, return on investment and to reduce exposure to any consumer downturn impacts. Group target inventory levels were increased from the end of June 2023 to take account of the increased time to prepare vehicles for sale and to ensure that the Group optimises sales. The Group has been successful in securing additional used vehicle inventory, despite the supply constraints, growing the like-for-like number of used retail units in inventory by 12.7% compared to the position at 28 February 2023 and the overall level of used inventory grew by £33.3m.

The Group continues to buy used electric vehicles since they represent a market opportunity at lower prices.

Rising interest rates have increased cost to change for customers and in addition, the Group has been unable to run its popular 0% finance offers on used vehicles during event periods as it did in the prior year. This change in approach and general stock constraints, contributed to a reduction in the number of like-for-like used vehicles sold by 5.7%. Gross profits per unit remain significantly better than the pre-pandemic norm and were broadly stable with the comparative period last year, evidencing the Group's robust inventory pricing disciplines. Indeed, gross profit per unit rose in H1 2024 to £1,535 versus H2 2023 (£1,468).

Core Group gross profit from the sale of used vehicles totalled £60.2m for the Period. This represented a £5.9m decrease in Core Group gross profit generated from used vehicle sales with the reduction due to the volume decline. Gross margin in the Core Group reduced to 7.4% (H1 FY23: 7.9%) reflecting higher average sales prices.

The Group continues to measure customer experience on used cars in the majority of the Group via the Judge Service third party platform. The Net Promoter Scores throughout the Year have been very strong at c.84%, which is sector leading amongst major market players. Great service goes hand-in-hand with profitability and future retention, which is so vital in creating a sustainable business.

⁷ Source: Autotrader

⁸ Source: CAPHI: September 2023 Car market overview

New retail cars and Motability sales

Overall, UK car registrations increased 20.2% in the Period, reflecting an improving supply situation, however, this is still below pre-pandemic levels by 7.5%⁹. It is the fleet market that is largely driving the increase, as private registrations remain muted, up just 1.4% in the Period. This is reflective of the fact that new car market in the UK is ordinarily correlated to exchange rate movements and consumer confidence¹⁰ (and indicators, such as the housing market) which has come under pressure. Recent increased supply of new electric vehicles appeared to be exceeding retail demand as the Period progressed. Manufacturers reacted to this trend through the offer of discounted prices and supported finance rates to stimulate retail demand.

Against this backdrop, the Group's like-for-like new retail vehicle volumes grew by 1.1% in the Period. Overall, the Group increased UK retail market share to 4.6% (H1 FY23: 4.1%) aided by its increased dealership footprint. The Group's order bank levels for new retail vehicles have reduced over the Period, as would be expected as production issues slowly unwind. New retail vehicles ordered but remaining undelivered as at 31 August 2023 totalled approximately 9,500 units (28 February 2023: 12,900). Fleet and Motability order banks also remain very robust.

UK Motability registrations benefitted from pent up demand, as already extended contracts came to an end and supply came through from Manufacturers, rising a significant 65.4% over the Period. The Group's Motability volumes significantly outperformed the market, growing 78.0% on a like-for-like basis and representing an increasing UK market share of 6.2% (H1 FY23: 5.6%). The Group is Motability's largest partner in the UK with over 36,500 vehicles on the fleet. These vehicles require an annual service funded by Motability in the Group's service departments and Motability is a vital customer in the Group's higher margin service business.

As supply has eased and the mix of lower margin Motability sales has grown, the Group has seen a slight weakening of gross profit retention in new car sales with gross profit per unit still at healthy levels of £2,016 (H1 FY23 £2,102) despite this mix change. Gross margin percentages saw a dilution

from 8.5% to 8.2% due to a 3% increase in average sales prices and the slight weakening in gross profit per unit. Nevertheless, the Group successfully grew retained gross profits from the sale of new vehicles in the period on a like-for-like basis by £6.2m.

In new vehicles, sales customer experience is measured by the Group's Manufacturer partners. Approximately 55% of the Group's Core sales outlets delivered experience levels above national average levels.

⁹Source: SMMT

¹⁰ Source: Autotrader

Fleet & Commercial vehicle sales

As set out above, the UK car fleet market has been the main driver of the increase in vehicle registrations in the UK over the Period. This performance was aided by a robust demand for electric vehicles through the fleet channel and adoption of such vehicles in the corporate market is critical to the electrification of the vehicle parc. Registration volumes in the UK car fleet market have grown 36.3% in the Period compared to the six months ended 31 August 2022. A proportion of this growth has arisen from the return of increased registrations in the low margin daily rental space. CAPHPI recently reported a 188% increase in such registrations in the month of July alone, however, sales through this channel remain well below pre-COVID levels. Like-for-like, the Group delivered 13,413 fleet cars in the Period, representing an increase of 9.9% compared to H1 FY23. The Group's performance was below the market trends as the Group kept pricing disciplines to maintain margin and did not undertake significant volumes of daily rental sales.

The Group saw a 6.2% increase in the like-for-like volume of new commercial vehicles sold, with the market up 19.8% over the Period compared to the six months to 31 August 2022. The Group's performance against the market reflects strong outperformance in the comparative period and the Group's franchise mix in van sales, which lost some share in the Period.

Reflecting the focus on higher margin fleet sales, gross profit per unit strengthened by 14.3% to record levels of £1,126. Gross margin % rose from 4.7% to 5.1% in the Period. Overall, like-for-like gross profit in the fleet and commercial channels rose by £4.9m as a result of the positive trends.

Aftersales

The Group's high margin aftersales operations are a vital contributor to Group profitability, generating over 40% of total gross profit. Overall, compared to the six-month period ended 31 August 2022, the following like-for-like trends in aftersales performance were witnessed:

	Service	Parts	Accident & Smart Repair	Forecourt	Total
	£'m	£'m	£'m	£'m	£'m
Revenue ¹¹	85.5	106.4	11.9	6.0	209.8
Revenue ¹¹ change	4.6	11.3	2.3	(0.8)	17.4
Revenue ¹¹ change (%)	5.7%	11.8%	23.5%	(11.3%)	9.0%
Gross profit change	2.1	2.7	1.8	0.1	6.7
Gross margin ¹² H1 FY24 (%)	73.3%	22.6%	58.5%	8.2%	44.9%
Gross margin ¹² H1 FY23 (%)	74.8%	22.4%	53.3%	5.9%	45.4%
Margin change (%)	(1.5%)	0.2%	5.2%	2.3%	(0.5%)

¹¹ includes internal and external revenues

¹² Aftersales margin expressed on internal and external revenues

- *Service*

At the end of March 2023, there were 40.8 million¹³ licensed vehicles in the UK, including commercial vehicles. Of this total, just 770,000 (1.8%) were battery electric vehicles, which is a significant increase of over 50% on the prior year but still represents a very small proportion of the overall parc. These cars, motorbikes and commercial vehicles require access to maintenance and repair services and demand increased as the vehicle parc has aged in the last four years.

Vehicle service and repair is a key and resilient profit source for the Group. The Group saw strong demand, for its service and repair operations during the Period, driving like-for-like service revenue growth of £4.6m (5.7%). Technician resource levels have been a constraining factor in meeting both retail demand for work and in the preparation of used vehicles for sale, with older vehicles in stock requiring significantly more preparation. To improve the recruitment and retention of Technicians, the Group has taken further pay action in July. At the end of August 2023, there were 126 technician vacancies in the Group, however, since the end of July there has been a doubling of the number of applications the Group has received for each technician vacancy. The like-for-like number of technicians employed by the Group rose 6.4% in the Period to 897 (February 2023: 843) Each technician generates an average £115,000 of service and parts gross profit for the Group, so the reduction of technician vacancy levels is a key focus of management, in order to maximise the opportunity to the Group.

Gross margin percentages on vehicle servicing were 73.3% (H1 FY23: 74.8%) in the Core Group reflecting increased remuneration to address technician resource constraints. However, positively gross profit generation rose on a like-for like basis by £2.1m in service.

¹³ Source: <https://www.gov.uk/government/statistics/vehicle-licensing-statistics-january-to-march-2023/vehicle-licensing-statistics-january-to-march-2023>

- *Parts*

The Group's substantial parts operations include traditional wholesale operations, agency distribution centres, on-line parts retailing and accessory sales to dealership customers. These operations supply parts to the Group's service and accident repair operations as well as to other businesses and retail customers in the UK and across the world. Parts revenues in the Core Group grew £11.3m compared to last year due to price rises, increased vehicle service and repair activity and an increase in sales in wholesale parts operations.

- *Accident and Smart Repair*

The Group continues to expand its substantial Smart Repair operations through adding additional vans to the core cosmetic business as well as introducing new streams including vans specialising in wheel repairs and glass replacement. In addition, enhanced smart repair fixed facilities are being created, such as in Exeter to serve the Group's substantial dealership operations there. This fleet largely serves the Group's dealerships and has seen increased demand, as a result of the increase in the age of used vehicles held for sale, which therefore require more preparation. The fleet also carries out some limited sales to external customers across the UK. There remains considerable scope for the expansion of this retail element of the business and this is a future focus area.

The Group's accident repair centres are managed separately from the dealership businesses in a standalone division, concentrating solely on the management of accident repair operations. The Group has delivered a 23.5% increase in revenues generated from the Group's accident and smart repair operations and a £1.8m increase in gross profit. Specific KPI improvement targets, introduction of uniform operating systems and focus on higher margin work providers, have all driven this excellent improvement over the Period.

- *Fuel Forecourt*

In the Core Group one fuel forecourt is operated by the Group in Widnes. As a result of the tempering of fuel prices from the peaks in FY23, this forecourt saw slightly reduced revenues but a return to more normal gross margins of 8.2% in the Period. Active pricing strategies ensure that the forecourt has maintained market share. A second forecourt was acquired in Yeovil as part of the Helston Group, this is currently being redeveloped to enhance the retail offering.

Acquisitions, Disposals and Closures

Dealerships acquired or closed since 1 March 2022 have contributed an additional £6.6m of operating profit in the Period compared to prior year, as summarised below:

	Helston £'m	Other Acquisitions £'m	Closures £'m	Total £'m
H1 FY24				
Revenue	248.6	43.0	8.0	299.6
Gross Profit	29.4	4.6	0.9	34.9
Operating profit	6.0	(0.2)	(0.1)	5.7
H1 FY23				
Revenue	-	10.0	26.7	36.7
Gross Profit	-	0.8	2.6	3.4
Operating profit	-	(0.6)	(0.3)	(0.9)
H1 FY24 variance to H1 FY23				
Revenue	248.6	33.0	(18.7)	262.9
Gross Profit	29.4	3.8	(1.7)	31.5
Operating profit	6.0	0.4	0.2	6.6

The contribution from the Helston businesses is in line with the levels envisaged at the time of purchase. This scaled acquisition of 28 sales outlets has been fully integrated into Group systems and processes and the expected synergies are on track for delivery.

Other Acquisitions include the new dealership openings for the Toyota brand in Scotland, the Bristol Street Motor Nation outlets in Stockton and Tamworth and the BMW Motorrad acquired dealerships in Shipley and Rotherham. The results from these operations were satisfactory for the Period and the operating losses were anticipated given the start-up nature of the Toyota and used vehicle outlets.

Closed sites include Stroud Ford, Malton BMW and MINI and the accident repair centre in Newcastle, described in the Portfolio Development section above.

Operating Expenses

A summary of Core Group operating expenses is set out below:

	H1 FY24	H1 FY23	H1 FY24 Var to H1 FY23
	£'m	£'m	£'m
Salary costs	110.6	109.2	1.4
Vehicle and valeting costs	21.4	18.6	2.8
Property costs and rates	24.6	22.8	1.8
Marketing costs	18.0	18.7	(0.7)
Energy costs	4.4	2.1	2.3
Other	17.5	16.7	0.8
Core Group operating expenses	196.5	188.1	8.4
Acquisitions	28.3	1.4	26.9
Disposals	1.0	2.9	(1.9)
Group Net Underlying Operating Expenses	225.8	192.4	33.4

Core Group operating expenses totalled £196.5m in the Period representing an increase of £8.4m (4.5%) compared to H1 FY23. Dealerships acquired in the period since 1 March 2022, significantly the Helston dealerships acquired, contributed a further £26.9m of operating expenses in the Period.

The most significant cost increases in the core Group arise in vehicle and valet costs and energy. Vehicle and valet costs rose due to the impact of National Minimum Wage rises in valeting and increases in vehicle prices which pushed up the cost of the Group's demonstration and courtesy vehicle fleets.

The Group benefited from below market rate electricity costs under a fixed contract which covered the majority of the Group's dealerships until the end of September 2022, the Group has previously highlighted that energy costs would increase significantly as this contract ended. The Group has been executing its energy purchase strategy to mitigate energy cost increases.

Salary costs represent the biggest single cost to the Group. The salary costs included in operating expenses exclude the productive cost of the Group's aftersales technicians, which are included in cost of sales. Salary costs in operating expenses rose by just £1.4m with the impact of pay reviews and the application of the national minimum wage being partially offset by savings in variable pay such as commissions as used vehicle volumes declined in the Period. Salary costs were also lower than anticipated due to the level of vacancies in the Period.

The Group delivered savings in Marketing costs. These savings have been delivered whilst Bristol Street Motors has remained the highest-ranking franchised dealership brand in England for prompted brand awareness, 56.6%¹⁴ (28 February 2023: 54%)

¹⁴ Source: YouGov.

Net Finance Charges

The movement in net finance charges is analysed below:

	H1 FY24	H1 FY23	H1 FY24 Var to H1 FY23
	£'m	£'m	£'000
Interest on bank borrowings	4.9	0.8	4.1
New vehicle Manufacturer stocking interest	3.3	0.9	2.4
Used vehicle stock funding interest	0.8	0.2	0.6
Interest on lease liabilities	1.7	1.7	-
Interest on bank deposits	(0.7)	(0.4)	(0.3)
Net finance income relating to defined benefit pension scheme	(0.1)	(0.1)	-
Net Finance Charges	9.9	3.1	6.8

Interest on bank borrowings increased as the Group drew a new 20-year mortgage facility from BMW Financial Services for £74.8m in December 2022, to partially fund the acquisition of Helston Garages Group limited. This mortgage is secured against a portfolio of 22 of the Group's freehold and long leasehold properties and is repayable in equal instalments over the 20-year term. Interest is charged on this facility rate of 2.8% above BMW Base Rate. To minimise the risk of interest rate fluctuations on this facility, the Group entered into an interest rate cap contract in the Period, in respect of £50 million of this facility. This limits the variable element of the applicable interest rate to a maximum of 4.5%.

Interest on the Group's revolving credit facility has increased because of rate rises. Existing swap arrangements over £22m of borrowing at the favourable rate of 1.28% expired on 27 February 2023. A new interest rate swap over £30m of borrowing was secured in the Period, this fixes the underlying SONIA rate charged at 4.42% until March 2025.

A significant increase in manufacturer new vehicle stocking interest has been seen in the Period. Increased pipelines of new vehicle inventory, as supply constraints have eased and prices have risen, higher rates of interest being charged and reduced free funding periods have all contributed to these increased charges in the Period.

Non-underlying items

	H1 FY24	H1 FY23
	£'m	£'m
Share based payments charge	1.0	1.1
Amortisation	0.4	0.2
Redundancy costs	0.8	-
Lease surrender premium	(0.8)	-
	1.4	1.3

The Group undertook a strategic review of aftersales collection and delivery service at the start of the Period. Customer charges for this service were increased, to match the cost of provision more closely. The number of employed drivers was also significantly reduced in order to match likely demand levels given the increase in cost to customers. This led to a one-off redundancy cost in the Period of £0.8m.

The Group purchased the freehold interest in its Derby multi-site operation in FY23. A premium was received in the Period in respect of the remaining lease obligation between a tenant of the freeholder and the Group as sub-lessee. The premium received has been included in non-underlying items due to its one-off nature and size.

Pensions

The Group has a closed defined benefit scheme which remains fully funded and requires no ongoing cash contribution from the Company.

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

The accounting surplus on the scheme at 31 August 2023 was £3.1m (28 February 2023: £3.2m)

Tax

The Group's underlying effective rate of tax for the Period was 25.5% (H1 FY23: 19.8%). The overall effective tax rate follows the change in the headline rate of corporation tax in the UK from 19% to 25% on 1 April 2023. The total tax charge for the Period was £7.7m (H1 FY23: £5.4m). The Group continues to be classified as "low risk" by HMRC and takes a pro-active approach to minimising tax liabilities whilst ensuring it pays the appropriate level of tax to the UK Government.

Dividend

An interim dividend of 0.85p per share (H2 FY23: 0.70p) in respect of FY24 will be paid on 19 January 2024. The ex-dividend date will be 14 December 2023 and the associated record date 15 December 2023.

Cash Flows

The decision to increase the level of used vehicle inventory held by the Group to drive market share has absorbed cash in the Period. Compared to the low level of inventory held on 28 February 2023, the movement in used vehicle stock is the main reason for a net cash outflow in respect of working capital in the Period of £30.0m. This investment in inventory led to a Free Cash Outflow in the Period of £0.4m (H1 FY23: Free Cash Inflow of £23.2m).

The Group has successfully disposed of two of the properties held for resale at 28 February 2023 delivering a cash inflow of £2.2m in the Period. These sales proceeds have been deducted in arriving at net capital expenditure of £11.7m incurred in the Period. £5.1m of this total was incurred in respect of projects which add additional capacity to the Group or were one-off in nature, such as the solar panel installation. This £5.1m has therefore been excluded from the calculation of Free Cash Flow in the period.

Capital expenditure for the full year FY24 was previously forecast at £38.0m. This forecast has been revised down to £27.8m, a reduction of £10.2m (26.8%). £2.2m of this reduction relates to the property disposals in the Period highlighted above. Further proceeds from the sale of surplus properties are expected but not included in the revised forecast. £6.0m of previously forecast spend will now be deferred until FY25. Finally, a change in scope in one planned project has resulted in a £2.0m reduction in expected spend.

In the financial year to date, the Group has continued to buy back shares, repurchasing approximately 7.7m shares, representing 2.2% of opening shares in issue, for a total cost of £5.0m. The Board believes that this is an appropriate use of capital and will continue a programme of Buybacks as a relevant element of returns to shareholders, alongside dividend payments. The Board has agreed a further £3m buyback programme for deployment once the current remaining authority of £1m is utilised. £4.9m was spent on dividends in the Period as a result of the final dividend in respect of the year ended 28 February 2023.

Karen Anderson, CFO

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 31 August 2023

	Note	Six months ended 31 August 2023			Six months ended 31 August 2022			Year ended 28 February 2023		
		Underlying items £'000	Non-underlying items (note 4) £'000	Total £'000	Underlying items £'000	Non-underlying items (note 4) £'000	Total £'000	Underlying items £'000	Non-underlying items (note 4) £'000	Total £'000
Revenue		2,422,454	-	2,422,454	1,999,712	-	1,999,712	4,014,544	-	4,014,544
Cost of sales		(2,155,239)	-	(2,155,239)	(1,775,991)	-	(1,775,991)	(3,566,134)	-	(3,566,134)
Gross profit		267,215	-	267,215	223,721	-	223,721	448,410	-	448,410
Operating expenses		(225,787)	(1,354)	(227,141)	(192,417)	(1,278)	(193,695)	(399,590)	(6,828)	(406,418)
Operating profit / (loss)		41,428	(1,354)	40,074	31,304	(1,278)	30,026	48,820	(6,828)	41,992
Finance income	5	749	-	749	479	-	479	1,300	-	1,300
Finance costs	5	(10,672)	-	(10,672)	(3,566)	-	(3,566)	(10,842)	-	(10,842)
Profit before tax		31,505	(1,354)	30,151	28,217	(1,278)	26,939	39,278	(6,828)	32,450
Taxation	6	(8,029)	298	(7,731)	(5,598)	182	(5,416)	(7,663)	746	(6,917)
Profit for the period attributed to equity holders		23,476	(1,056)	22,420	22,619	(1,096)	21,523	31,615	(6,082)	25,533
Basic earnings per share (p)	7			6.58			6.19			7.40
Diluted earnings per share (p)	7			6.16			5.85			7.02

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 31 August 2023

	Six months ended 31 August 2023 £'000	Six months ended 31 August 2022 £'000	Year ended 28 February 2023 £'000
Profit for the period	22,420	21,523	25,533
Other comprehensive (expense) / income			
Items that will not be reclassified to profit or loss:			
Actuarial loss on retirement benefit obligations	9 (51)	(4,048)	(5,973)
Deferred tax relating to actuarial loss on retirement benefit obligations	13	1,012	1,493
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	941	185	172
Deferred tax relating to cash flow hedges	(215)	(35)	(43)
Other comprehensive income / (expense) for the period, net of tax	688	(2,886)	(4,351)
Total comprehensive income for the period attributable to equity holders	23,108	18,637	21,182

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 31 August 2023

		31 August 2023 £'000	31 August 2022 £'000	28 February 2023 £'000
Non-current assets				
Goodwill and other indefinite life assets	11	127,462	105,077	127,590
Other intangible assets		2,105	2,397	2,286
Retirement benefit asset	9	3,129	5,073	3,188
Property, plant and equipment		331,085	261,712	328,405
Right of use assets		74,600	74,608	73,078
Derivative financial instruments		1,365	-	507
		539,746	448,867	535,054
Current assets				
Inventories		694,493	496,739	674,380
Trade and other receivables		89,740	72,117	86,317
Current tax assets		-	-	1,654
Derivative financial instruments		-	190	-
Cash and cash equivalents		47,885	85,860	78,984
		832,118	654,906	841,335
Property assets held for sale		4,984	-	6,077
Total current assets		837,102	654,906	847,412
Total assets		1,376,848	1,103,773	1,382,466
Current liabilities				
Trade and other payables		(750,743)	(569,717)	(758,594)
Current tax liabilities		(978)	(3,039)	-
Contract liabilities		(13,528)	(12,526)	(13,477)
Borrowings		(16,033)	(12,954)	(29,821)
Lease liabilities		(9,706)	(14,415)	(14,498)
Total current liabilities		(790,988)	(612,651)	(816,390)
Non-current liabilities				
Borrowings		(122,536)	(55,063)	(124,519)
Lease liabilities		(75,092)	(70,691)	(68,959)
Deferred income tax liabilities		(20,701)	(13,448)	(19,117)
Contract liabilities		(11,963)	(11,897)	(12,104)
Total non-current liabilities		(230,292)	(151,099)	(224,699)
Total liabilities		(1,021,280)	(763,750)	(1,041,089)
Net assets		355,568	340,023	341,377
Capital and reserves attributable to equity holders of the Group				
Ordinary share capital		34,157	34,894	34,894
Share premium		124,939	124,939	124,939
Other reserve		10,645	10,645	10,645
Hedging reserve		859	154	133
Treasury share reserve		(2,143)	(3,134)	(2,653)
Capital redemption reserve		5,570	4,833	4,833
Retained earnings		181,541	167,692	168,586
Total equity		355,568	340,023	341,377

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 31 August 2023

		Six months ended 31 August 2023 £'000	Six months ended 31 August 2022 £'000	Year ended 28 February 2023 £'000
Cash flows from operating activities				
Operating profit		40,074	30,026	41,992
(Profit) / loss on sale of property, plant and equipment		(468)	6	102
Profit on lease modification		(547)	(2)	(449)
Amortisation of intangible assets		408	214	509
Depreciation of property, plant and equipment		8,515	6,900	14,510
Depreciation of right of use assets		8,895	7,775	16,225
Impairment charges		-	-	1,500
Movement in working capital	10	(29,973)	904	23,737
Share based payments charge		777	857	1,651
Cash inflow from operations		27,681	46,680	99,777
Tax received		7	-	100
Tax paid		(3,724)	(4,801)	(9,118)
Finance income received		475	356	1,053
Finance costs paid		(9,803)	(3,394)	(10,983)
Net cash inflow from operating activities		14,636	38,841	80,829
Cash flows from investing activities				
Acquisition of businesses, net of cash, overdrafts and borrowings acquired		-	(2,626)	(122,066)
Acquisition of freehold and long leasehold land and buildings		(2,084)	(7,468)	(7,468)
Disposal of businesses		204	-	-
Purchases of intangible assets		(100)	(1)	(186)
Purchases of other property, plant and equipment		(11,864)	(7,835)	(13,785)
Proceeds from disposal of property, plant and equipment		2,239	-	179
Net cash (outflow) / inflow from investing activities		(11,605)	(17,930)	(143,326)
Cash flows from financing activities				
Proceeds from borrowings	8	-	671	110,570
Repayment of borrowings	8	(15,976)	(319)	(23,358)
Principal elements of lease repayments		(8,461)	(7,827)	(16,187)
Sale of treasury shares		91	304	744
Purchase of treasury shares		-	(2,000)	(2,000)
Cash settled share options		(109)	(169)	(180)
Repurchase of own shares		(4,762)	(5,898)	(5,898)
Dividends paid to equity holders		(4,913)	(3,606)	(6,003)
Net cash (outflow)/inflow from financing activities		(34,130)	(18,844)	57,688
Net (decrease) /increase in cash and cash equivalents	8	(31,099)	2,067	(4,809)
Cash and cash equivalents at beginning of period		78,984	83,793	83,793
Cash and cash equivalents at end of period		47,885	85,860	78,984

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 August 2023

	Ordinary share capital	Share premium	Other reserve	Hedging reserve	Treasury share reserve	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 March 2023	34,894	124,939	10,645	133	(2,653)	4,833	168,586	341,377
Profit for the period	-	-	-	-	-	-	22,420	22,420
Actuarial losses on retirement benefit obligations	-	-	-	-	-	-	(51)	(51)
Tax on items taken directly to equity	-	-	-	(215)	-	-	13	(202)
Fair value gains	-	-	-	941	-	-	-	941
Total comprehensive income for the period	-	-	-	726	-	-	22,382	23,108
Sale of treasury shares	-	-	-	-	510	-	(419)	91
Cancellation of repurchased shares	(737)	-	-	-	-	737	-	-
Repurchase of own shares	-	-	-	-	-	-	(4,762)	(4,762)
Dividends paid	-	-	-	-	-	-	(4,913)	(4,913)
Share based payments charge	-	-	-	-	-	-	667	667
As at 31 August 2023	34,157	124,939	10,645	859	(2,143)	5,570	181,541	355,568

The repurchase of own shares in the period was made pursuant to the share buyback programmes announced on 5 October 2022 and 10 May 2023.

7,372,160 ordinary shares to the value of £4,762,000 had been repurchased in the six months ended 31 August 2023. These shares were cancelled immediately and accordingly, the nominal value of these shares has been transferred to the capital redemption reserve.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (INAUDITED)
(CONTINUED)**

For the six months ended 31 August 2022

	Ordinary share capital	Share premium	Other reserve	Hedging reserve	Treasury share reserve	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 March 2022	35,942	124,939	10,645	4	(1,586)	3,785	158,152	331,881
Profit for the period	-	-	-	-	-	-	21,523	21,523
Actuarial losses on retirement benefit obligations	-	-	-	-	-	-	(4,048)	(4,048)
Tax on items taken directly to equity	-	-	-	(35)	-	-	1,012	977
Fair value gains	-	-	-	185	-	-	-	185
Total comprehensive income for the period	-	-	-	150	-	-	18,487	18,637
Sale of treasury shares	-	-	-	-	452	-	(131)	321
Purchase of treasury shares	-	-	-	-	(2,000)	-	-	(2,000)
Cancellation of repurchased shares	(1,048)	-	-	-	-	1,048	-	-
Repurchase of own shares	-	-	-	-	-	-	(5,898)	(5,898)
Dividends paid	-	-	-	-	-	-	(3,606)	(3,606)
Share based payments charge	-	-	-	-	-	-	688	688
As at 31 August 2022	34,894	124,939	10,645	154	(3,134)	4,833	167,692	340,023

For the year ended 28 February 2023

	Ordinary share capital	Share premium	Other reserve	Hedging reserve	Treasury share reserve	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 March 2022	35,942	124,939	10,645	4	(1,586)	3,785	158,152	331,881
Profit for the year	-	-	-	-	-	-	25,533	25,533
Actuarial losses on retirement benefit obligations	-	-	-	-	-	-	(5,973)	(5,973)
Tax on items taken directly to equity	-	-	-	(43)	-	-	1,493	1,450
Fair value gains	-	-	-	172	-	-	-	172
Total comprehensive income for the year	-	-	-	129	-	-	21,053	21,182
Sale of treasury shares	-	-	-	-	(2,000)	-	-	(2,000)
Issuance of treasury shares	-	-	-	-	933	-	(189)	744
Repurchase of own shares	-	-	-	-	-	-	(5,898)	(5,898)
Cancellation of repurchased shares	(1,048)	-	-	-	-	1,048	-	-
Dividends paid	-	-	-	-	-	-	(6,003)	(6,003)
Share based payments charge	-	-	-	-	-	-	1,471	1,471
As at 28 February 2023	34,894	124,939	10,645	133	(2,653)	4,833	168,586	341,377

NOTES

For the six months ended 31 August 2023

1. Basis of preparation

Vertu Motors plc is a Public Limited Company which is quoted on the AiM Market and is incorporated and domiciled in the United Kingdom. The address of the registered office is Vertu House, Fifth Avenue Business Park, Team Valley, Gateshead, Tyne and Wear, NE11 0XA. The registered number of the Company is 05984855.

The financial information for the period ended 31 August 2023 and similarly the period ended 31 August 2022 has neither been audited nor reviewed by the auditors. The financial information for the year ended 28 February 2023 has been based on information contained in the audited financial statements for that year.

The information for the year ended 28 February 2023 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The Auditors' Report on those accounts was not qualified under section 498 of the Companies Act 2006.

2. Accounting policies

In line with International Accounting Standard 34 and the Disclosure and Transparency Rules of the Financial Conduct Authority, these condensed interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 28 February 2022

3. Segmental information

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

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

Six months ended 31 August 2023	Revenue £'m	Revenue Mix %	Gross Profit £'m	Gross Profit Mix %	Gross Margin %
Aftersales ¹⁵	205.1	8.5	110.0	41.2	43.8
Used vehicles	947.8	39.1	67.4	25.2	7.1
New retail and Motability	744.0	30.7	63.0	23.6	8.5
New fleet & commercial	525.6	21.7	26.8	10.0	5.1
Total	2,422.5	100.0	267.2	100.0	11.0

Six months ended 31 August 2022	Revenue £'m	Revenue Mix %	Gross Profit £'m	Gross Profit Mix %	Gross Margin %
Aftersales ¹⁵	158.9	8.0	89.0	39.8	45.4
Used vehicles	854.5	42.7	67.1	30.0	7.9
New retail and Motability	557.6	27.9	47.4	21.2	8.5
New fleet & commercial	428.7	21.4	20.2	9.0	4.7
Total	1,999.7	100.0	223.7	100.0	11.2

Year ended 28 February 2023	Revenue £'m	Revenue Mix %	Gross Profit £'m	Gross Profit Mix %	Gross Margin %
Aftersales ¹⁵	336.8	8.4	182.5	40.7	44.5
Used vehicles	1,658.2	41.3	125.2	27.9	7.5
New retail and Motability	1,121.9	27.9	98.4	22.0	8.8
New fleet & commercial	897.6	22.4	42.3	9.4	4.7
Total	4,014.5	100.0	448.4	100.0	11.2

15 Aftersales margin expressed on internal and external revenue

NOTES (CONTINUED)

4. Non-underlying items

	Six months ended 31 August 2023 £'000	Six months ended 31 August 2022 £'000	Year ended 28 February 2023 £'000
Impairment charges	-	-	(1,500)
Acquisition costs	-	-	(2,753)
Redundancy costs	(778)	-	-
Lease surrender premium	845	-	-
Share based payment charge	(1,013)	(1,064)	(2,066)
Amortisation	(408)	(214)	(509)
Non-underlying loss before tax	(1,354)	(1,278)	(6,828)
Non-underlying taxation charge	298	182	746
Non-underlying loss after tax	(1,056)	(1,096)	(6,082)

5. Finance income and costs

	Six months ended 31 August 2023 £'000	Six months ended 31 August 2022 £'000	Year ended 28 February 2023 £'000
Interest on short-term bank deposits	672	356	1,053
Net finance income relating to Group pension scheme	77	123	247
Finance income	749	479	1,300
Bank loans and overdrafts	(4,885)	(802)	(3,112)
Vehicle stocking interest	(4,054)	(1,119)	(4,242)
Lease liability interest	(1,733)	(1,645)	(3,488)
Finance costs	(10,672)	(3,566)	(10,842)

6. Taxation

The Group's underlying effective rate of tax is 25.5%, (H1 2023: 19.8%), which is higher than the standard rate of corporation tax in the UK as a result of the impact of non-qualifying depreciation and non-deductible expenses. The overall effective tax rate of 25.7% includes tax on non-underlying items. The Group continues to be classified as "low risk" by HMRC and takes a pro-active approach to minimising tax liabilities whilst ensuring it pays the appropriate level of tax to the UK Government.

7. Earnings per share

Basic and diluted earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares during the period or the diluted weighted average number of ordinary shares in issue in the period.

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

Adjusted earnings per share is calculated by dividing the adjusted earnings attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period.

NOTES (CONTINUED)

7. Earnings per share (continued)

	Six months ended 31 August 2023 £'000	Six months ended 31 August 2022 £'000	Year ended 28 February 2023 £'000
Profit attributable to equity shareholders	22,420	21,523	25,533
Non-underlying items (note 4)	1,056	1,096	6,082
Adjusted earnings attributable to equity shareholders	23,476	22,619	31,615
Weighted average number of shares in issue ('000s)	340,685	347,939	345,239
Potentially dilutive shares ('000s)	23,253	20,072	18,703
Diluted weighted average number of shares in issue ('000s)	363,938	368,011	363,942
Basic earnings per share	6.58p	6.19p	7.40p
Diluted earnings per share	6.16p	5.85p	7.02p
Underlying earnings per share	6.89p	6.50p	9.16p
Diluted underlying earnings per share	6.45p	6.15p	8.69p

At 31 August 2023, there were 341,282,768 shares in issue (including 4,575,452 held by the Group's employee benefit trust).

8. Reconciliation of net cash flow to movement in net cash

	31 August 2023 £'000	31 August 2022 £'000	28 February 2023 £'000
Net (decrease) / increase in cash and cash equivalents	(31,099)	2,067	(4,809)
Cash inflow from proceeds of borrowings	-	(671)	(110,570)
Cash outflow from repayment of borrowings	15,976	319	23,358
Cash movement in net cash	(15,123)	1,715	(92,021)
Capitalisation of loan arrangement fees	-	-	1,037
Amortisation of loan arrangement fees	(85)	(39)	(131)
Increase in accrued loan interest	(121)	-	(408)
Non-cash movement in net cash	(206)	(39)	498
Movement in net (debt)/cash (excluding lease liabilities)	(15,329)	1,676	(91,523)
Opening net (debt)/cash (excluding lease liabilities)	(75,356)	16,167	16,167
Closing net (debt)/cash (excluding lease liabilities)	(90,685)	17,843	(75,356)
Opening lease liabilities	(83,457)	(88,830)	(88,830)
Capitalisation of new leases	(11,953)	(4,196)	(13,307)
Disposal of lease liabilities	2,152	93	2,493
Interest element of lease repayments	(1,732)	(1,645)	(3,488)
Cash outflow from lease repayments	10,193	9,472	19,675
Closing lease liabilities	(84,797)	(85,106)	(83,457)
Closing net debt (including lease liabilities)	(175,482)	(67,263)	(158,813)

NOTES (CONTINUED)

9. Retirement benefit asset

The Group operates a trust based defined benefit pension scheme, "Bristol Street Pension Scheme", which has three defined benefit sections which were closed to new entrants and future accrual on 31 May 2003, with another section closed to new entrants in July 2003 and future accrual in October 2013. The Group has applied IAS 19 (revised) to the scheme. The scheme remains fully funded and in surplus on the accounting basis.

During the six month period ended 31 August 2023, there have been changes in the financial and demographic assumptions underlying the calculation of the liabilities. In particular, the discount rate has increased due to a rise in corporate bond yields and life expectancy assumptions have been modified. The effect of these changes in assumptions was a decrease in liabilities of £1,417,000. The hedging strategy in place within the scheme investment portfolio meant that the period also saw a decline in the market value of scheme assets of £1,476,000, offsetting the decrease in liabilities. In total, an actuarial loss of £51,000 was recognised in the Consolidated Statement of Comprehensive Income.

10. Cash flow from movement in working capital

The following table reconciles the movement in balance sheet headings to the movement in working capital as presented in the Consolidated Cash Flow Statement.

For the six months ended 31 August 2023

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total working capital movement £'000
Trade and other payables			(750,743)	
Contract liabilities			(25,491)	
At 31 August 2023	694,493	89,740	(776,234)	
At 28 February 2023	674,380	86,316	(784,175)	
Balance sheet movement	(20,113)	(3,424)	(7,941)	
Disposals	(104)	(27)	9	
Movement excluding business combinations	(20,217)	(3,451)	(7,932)	(31,600)
Pension related balances				85
Decrease in capital creditor				1,925
Increase in interest accrual				(383)
Movement in working capital				(29,973)

For the six months ended 31 August 2022

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total working capital movement £'000
Trade and other payables			(569,717)	
Contract liabilities			(24,423)	
At 31 August 2022	496,739	72,117	(594,140)	
At 28 February 2022	475,027	51,839	(552,285)	
Balance sheet movement	(21,712)	(20,278)	41,855	
Acquisitions	123	16	156	
Movement excluding business combinations	(21,589)	(20,262)	42,011	160
Pension related balances				57
Decrease in capital creditor				823
Increase in interest accrual				(136)
Movement in working capital				904

NOTES (CONTINUED)

10. Cash flow from movement in working capital (continued)

For the year ended 28 February 2023

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total working capital movement £'000
Trade and other payables			(758,594)	
Contract liabilities			(25,581)	
At 28 February 2023	674,380	86,317	(784,175)	
At 28 February 2022	475,027	51,839	(552,285)	
Balance sheet movement	(199,353)	(34,478)	231,890	
Acquisitions	62,730	19,545	(54,098)	
Previous year acquisitions	-	-	333	
Movement excluding business combinations	(136,623)	(14,933)	178,125	26,569
Pension related balances				141
Increase in capital creditor				(2,268)
Increase in interest accrual				(705)
Movement in working capital				(23,737)

10. Goodwill and other indefinite life assets

	31 August 2023 £'000	31 August 2022 £'000	28 February 2023 £'000
Goodwill	83,559	76,182	83,687
Other indefinite life assets – Franchise relationships	43,903	28,895	43,903
At end of period	127,462	105,077	127,590

11. Risks and uncertainties

There are certain risk factors which could result in the actual results of the Group differing materially from expected results. These factors include: failure to deliver on the strategic goal of the Group to acquire and consolidate UK motor retail businesses, failure to meet competitive challenges to our business model or sector, advances in vehicle technology providing customers with mobility solutions which bypass the dealer network, inability to maintain current high quality relationships with Manufacturer partners, economic conditions impacting trading, market driven fluctuations in used vehicle values, litigation and regulatory risk, failure to comply with health and safety policy, failure to attract, develop and retain talent, failure of Group information and telecommunication systems, malicious cyber-attack, availability of credit and vehicle financing, use of estimates and currency risk.

All of the above principal risks are consistent with those detailed in the Annual Report for the year ended 28 February 2023.

The Board continually review the risk factors which could impact on the Group achieving its expected results and confirm that the above principal factors will remain relevant for the final six months of the financial year ending 29 February 2024. A review of risks pursuant to Task Force on Climate-Related Financial Disclosures is underway and an update will be provided in the annual financial statements.

ALTERNATIVE PERFORMANCE MEASURES

Set out below are the definitions and sources of various alternative performance measures which are referred to throughout the Interim Financial Report. All financial information provided is in respect of the Vertu Motors plc Group.

Definitions

Like-for-like	Dealerships that have comparable trading periods in two consecutive financial years, only the comparable period is measured as “Like-for-like”.
H1 FY23	The six month period ended 31 August 2023
H1 FY22	The six month period ended 31 August 2022
Adjusted	Adjusted for amortisation of intangible assets, share based payment charges and other non-underlying items as these are unconnected with the ordinary business of the Group.
Aftersales gross margin	Aftersales gross margin compares the gross profit earned from aftersales activities to total aftersales revenues, including internal revenue relating to service and vehicle preparation work performed on the Group’s own vehicles. This is to properly reflect the real activity of the Group’s aftersales departments.

Alternative Performance Measures

Adjusted Operating Profit

	Six months ended 31 August 2023 £'000	Six months ended 31 August 2022 £'000
Operating profit	40,074	30,026
Share based payment charge	1,013	1,064
Amortisation	408	214
Redundancy costs	778	-
Lease surrender premium	(845)	-
Adjusted Operating Profit	41,428	31,304

Adjusted Profit Before Tax (PBT)

	Six months ended 31 August 2023 £'000	Six months ended 31 August 2022 £'000
Profit before tax	30,151	26,939
Share based payment charge	1,013	1,064
Amortisation	408	214
Redundancy costs	778	-
Lease surrender premium	(845)	-
Adjusted PBT	31,505	28,217

ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

Free Cash Flow

	Six months ended 31 August 2023 £'000	Six months ended 31 August 2022 £'000
Net cash inflow from operating activities	14,636	38,841
Purchase of other property, plant and equipment	(11,864)	(7,835)
Enhancement capital expenditure included in above	3,121	-
Purchase of intangible assets	(100)	(1)
Proceeds from disposal of property, plant and equipment	2,239	-
Principal elements of lease repayments	(8,461)	(7,827)
Free Cash Flow	(429)	23,178

Tangible net assets per share

	31 August 2023 £'000	28 February 2023 £'000
Net assets	355,568	341,377
<i>Less:</i>		
Goodwill and other indefinite life assets	(127,462)	(127,590)
Other intangible assets	(2,105)	(2,286)
<i>Add:</i>		
Deferred tax on above adjustments	12,604	12,621
Tangible net assets	238,605	224,122
Tangible net assets per share	70.9p	65.3p

At 31 August 2023, there were 341,282,768 shares in issue (28 February 2023: 348,945,522), of which 4,575,452 were held by the Group's employee benefit trust (28 February 2023: 5,665,352). Rights to dividends on shares held in the Group's employee benefit trust have been waived and therefore such shares are not included in the tangible net asset per share calculation.

Gearing ratio

	31 August 2023 £'000	28 February 2023 £'000
Net debt (excluding lease liabilities)	90,685	75,356
Shareholders' equity	355,568	341,377
Gearing ratio (Net debt/Shareholders' equity)	25.5%	22.1%

ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

Like-for-like reconciliations:

Revenue by department

	H1 FY24			H1 FY24
	Group	Acquisitions	Disposals	Like-for-like
	revenue	revenue	revenue	revenue
	£'m	£'m	£'m	£'m
New retail and Motability	744.0	(96.2)	(1.2)	646.6
New fleet and commercial	525.6	(31.0)	(1.4)	493.2
Used vehicles	947.8	(130.0)	(4.5)	813.3
Aftersales	205.1	(34.4)	(0.9)	169.8
Total revenue	2,422.5	(291.6)	(8.0)	2,122.9

	H1 FY23			H1 FY23
	Group	Acquisitions	Disposals	Like-for-like
	revenue	revenue	revenue	revenue
	£'m	£'m	£'m	£'m
New retail and Motability	557.6	(1.1)	(4.1)	552.4
New fleet and commercial	428.7	(0.1)	(6.9)	421.7
Used vehicles	854.5	(8.2)	(13.5)	832.8
Aftersales	158.9	(0.6)	(2.2)	156.1
Total revenue	1,999.7	(10.0)	(26.7)	1,963.0

Gross profit by department

	H1 FY24			H1 FY24
	Group gross	Acquisitions	Disposals	Like-for-like
	profit	gross profit	gross profit	gross profit
	£'m	£'m	£'m	£'m
New retail and Motability	63.0	(9.6)	(0.2)	53.2
New fleet and commercial	26.8	(1.9)	(0.2)	24.7
Used vehicles	67.4	(7.1)	(0.1)	60.2
Aftersales	110.0	(15.4)	(0.5)	94.1
Total gross profit	267.2	(34.0)	(1.0)	232.2

	H1 FY23			H1 FY23
	Group gross	Acquisitions	Disposals	Like-for-like
	profit	gross profit	gross profit	gross profit
	£'m	£'m	£'m	£'m
New retail and Motability	47.5	(0.1)	(0.4)	47.0
New fleet and commercial	20.1	-	(0.3)	19.8
Used vehicles	67.1	(0.4)	(0.6)	66.1
Aftersales	89.0	(0.3)	(1.3)	87.4
Total gross profit	223.7	(0.8)	(2.6)	220.3

ALTERNATIVE PERFORMANCE MEASURES (CONTINUED)

Like-for-like reconciliations (continued):

Number of vehicles sold by department

	H1 FY24			H1 FY24
	Total Group	Acquisitions	Disposals	Core Group
New retail	20,027	(2,367)	(42)	17,618
New Motability	8,626	(240)	-	8,386
New fleet	13,413	(927)	(31)	12,455
New commercial	9,422	(192)	(7)	9,223
Used vehicles	43,921	(4,432)	(253)	39,236
Total	95,409	(8,158)	(333)	86,918

	H1 FY23			H1 FY23
	Total Group	Acquisitions	Disposals	Core Group
New retail	17,673	(58)	(118)	17,497
New Motability	4,711	(5)	(9)	4,697
New fleet	11,522	(12)	(201)	11,309
New commercial	8,707	(2)	(45)	8,660
Used vehicles	43,022	(488)	(655)	41,879
Total	85,635	(565)	(1,028)	84,042