Motorpoint Group PLC FY23 Unaudited Interim Results

24 November 2022

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

Interim Results
Record H1 revenues driven by strategic progress

Motorpoint Group PLC, the UK's leading independent omnichannel vehicle retailer, today announces its unaudited interim results for the six months ended 30 September 2022 ("H1 FY23").

H1 FY23 Operational and Strategic Highlights

The Group continues to make strong progress against its strategic objectives to profitably increase market share and grow revenues to £2bn in the medium term:

- Group share of the 0-4 year old market increased to 3.7% (H1 FY22: 2.9%), further underlining the power of our price leadership
- Market share within 30 mins drive time of a branch increased to 9.5% (H1 FY22: 7.3%)
- E-commerce revenue grew to £350.6m (H1 FY22: £289.3m)
- In-house digital marketing capability now in place with agency cost savings realised
- E-commerce capability established, with agile product and engineering teams rapidly improving our digital offering
- A further two new market area locations opened in strategically significant regions, taking the total number to 19 – five opened in past 13 months
- Technology advancements and improvements in digital capability driving the efficiencies behind a reduced ongoing cost base; automation has already driven annual cost savings in excess of £2m per annum
- Net Promoter Score ('NPS') remained at 84 in H1 FY23
- Continued good progress on our ESG objectives. The Group is carbon neutral for Scope 1 and 2 emissions and offsets the first year of customer driving emissions through the purchase of carbon credits
- Post period end we opened our new technology hub in Manchester to attract the best technology talent

Operational KPIs	**6 months to 30 September 2022**	**6 months to 30 September 2021**	**Change**
Market share (0-4 year old)	**3.7%**	2.9%	+0.8ppts
Average market share within 30 min drive time of branch	**9.5%**	7.3%	+2.2ppts
Revenue	**£786.7m**	£605.2m	+30.0%
Retail	**£653.1m**	£512.0m	+27.6%
Wholesale	**£133.6m**	£93.2m	+43.3%
E-commerce revenue	**£350.6m**	£289.3m	+21.2%
Vehicles sold	**49.0k**	53.4k	-8.2%
Retail	**31.6k**	34.4k	-8.1%

Wholesale	**17.4k**	19.0k	-8.4%
Incremental strategic investment	**£3.5m**	-	+£3.5m
Days in stock	**50**	50	-
Retail gross profit per unit	**£1,373**	£1,328	+£45
Wholesale gross profit per unit	**£304**	£517	-£213
Customer acquired vehicles retailed	**7,126**	5,484	+29.9%
Customer acquisition cost per retail unit(1)	**£250**	£295	-£45
Number of market locations (2)	**19**	14	+5
Stocking facility available	**£195.0m**	£106.0m	+£89.0m

(1) Total marketing cost per retail unit sold

(2) Coventry branch opened in October 2022, making current 19 in total (14 branches at 30 September 2021, with Manchester opening October 2021)

H1 FY23 Financial Highlights

Financial KPIs	**6 months to 30 September 2022**	**6 months to 30 September 2021**	**Change**	**12 months to 31 March 2022**
Revenue	**£786.7m**	£605.2m	+30.0%	£1,322.3m
Gross profit	**£48.7m**	£55.5m	-12.3%	£106.3m
Operating profit	**£5.9m**	£15.1m	-60.9%	25.0m
Profit before taxation	**£3.0m**	£13.5m	-77.8%	£21.5m
Basic earnings per share (p)	**2.7p**	11.8p	-77.1%	18.7p
Net cash/ (debt)(1)	**£4.5m**	£6.0m	-£1.5m	-£21.2m
Return on capital employed (2)	**40.3%**	51.2%	-10.9ppts	74.6%

(1) Represents net of cash at bank and revolving credit facility

(2) Calculated as last 12 month's operating profit of £15.8m (H1 FY22: £16.6m) divided by average of opening £36.8m and closing £41.5m net assets (H1 FY22: opening £28.0m and closing £36.8m)

- Revenue increased to a record £786.7m (H1 FY22: £605.2m), helped by market share growth, vehicle mix and price inflation
- Retail volumes declined by 8.1%. In the first quarter we were up against record performance in the previous year when branches opened post Covid, and more recently we have been impacted by market slow down, despite growing our market share
- Profit before taxation decreased to £3.0m (H1 FY22: £13.5m), reflecting increased investment relating to delivery of strategic objectives (£3.5m) and to maintain our market leading price position, against record margins experienced in H1 FY22
- Significant net cash improvement of £25.7m since 31 March 2022 (FY22: net debt £21.2m), reflecting working capital improvement and proceeds of two sale and leasebacks (£9.7m)
- Return on capital employed decreased from 51.2% (H1 FY22) to 40.3%, reflecting lower profitability and increased average net assets caused mostly by increased stock value

Outlook

We are cognisant that rising inflation and interest rates, consumer uncertainty and vehicle supply challenges are significantly affecting the used car market and will likely continue to impact financial performance in FY23. However, Motorpoint has a strong track record of demonstrating financial resilience in a downturn, with market share gains and a proven ability to remain profitable and effectively manage cash resources. This ability will allow the Group to continue investing prudently in our strategic objectives, including technology enhancements which create greater efficiency across the business. The Group expects to emerge in a normalised market as a leaner and more valuable business ready to seize its significant opportunity.

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

"*I am pleased with the progress the Group has made during the period, delivering record first half revenues, whilst executing on our investment strategy for growth despite increasingly difficult macroeconomic conditions. Providing our customers with the best omnichannel car purchasing experience is integral to what we do, and we believe this can be achieved through investment in both physical branches and technology. The ongoing success of our investment during the period is reflected in our increased market share of the 0–4 year old market and improved efficiencies across the business.*

We believe that Motorpoint is the best operator in the UK's used car market. It has proven its ability to grow profitably over its 25 year history and right now there is a significant opportunity for the business to grow its market share whilst remaining profitable. As a result, in line with previous guidance, profitability levels will be lower as we continue to invest in our strategic agenda. The investments made now will enable Motorpoint to emerge from the current macro environment in a stronger position as we seek to deliver sustained shareholder value."

Analyst & investor webinar

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

Enquiries:

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

Notes to editors

Motorpoint is the UK's leading independent E-commerce led omnichannel vehicle retailer, focused on giving retail and trade customers the easiest, most affordable and seamless way of buying, selling and financing their car whether online, in-store or a combination of both. Through its leading B2C platform Motorpoint.co.uk and UK network of 19 sales and collection branches, the Group provides an unrivalled offering in the nearly new car market, where consumers can effortlessly browse, buy or finance their next car and collect or have it delivered directly to their homes. Motorpoint's purely online wholesale platform Auction4Cars.com sells vehicles into the wholesale B2B market that have been part exchanged by retail customers, or purchased directly from them by the Group as part of its online car buying service. Motorpoint's diversified business model, underpinned by its established brand, industry leading technology and sophisticated marketing infrastructure, always delivers the best choice, value, service and quality for customers. The Group is proud to have been recognised for eight consecutive years as one of the Top 100 Best Companies to Work For.

Non-Executive Chair's statement

I have been with Motorpoint for 10 months now and am impressed by what the Group has achieved against the current macroeconomic backdrop. To have delivered record first half revenues, increased market share and executed on a number of ambitious strategic investments, all while remaining profitable, is to be commended. I have highlighted below my thoughts on the current landscape of the UK's used car market, strengths of the Motorpoint model, and why I believe there is an opportunity for Motorpoint to continue gaining market share and, as the UK economy normalises, substantially grow profit.

Market context

The UK used car market is highly fragmented among branded new car dealers, local and regional used car dealers, and emerging online companies. The industry car sales practices are fairly entrenched, organised around a physical branch model with high costs, and generally disliked and untrusted by consumers. The growth of the online channel and use of contemporary technology presents an opportunity, at least in theory, to disintermediate the used car market by selling direct to consumers through a lower cost, higher service model, and to build brand leadership and market share through aggressive marketing.

Used car competitors can respond to this opportunity in a range of ways, from building a basic catalogue-type website to spending massive money on technology and marketing on an online only model in hopes that scale can eventually cover central costs and show profit. We believe that Motorpoint and its strategic approach are uniquely positioned to become a leader in this changing used car market and thereby grow revenues and profit substantially.

Customer proposition

Based on our customer data, the use of digital services is becoming universal amongst car buyers. However some degree of physical connection continues to be preferred by most customers to provide reassurance and trust in their car purchase. In other words, UK consumers prefer to buy used cars and ancillary services on a cross-channel basis, using digital channels and physical touchpoints interchangeably in their purchase journey. Motorpoint, as an omnichannel retailer, is uniquely positioned to serve this need and is developing an integrated consumer shopping journey to provide a digital channel, branch sales and service channel, and home delivery and collection options, underpinned by sophisticated data, that allows customers to learn, shop and build confidence and trust in their purchase and helps Motorpoint know just what degree of assistance is needed at each stage of the journey. This innovative customer experience, coupled with Motorpoint's price and service offer, should provide a leading proposition in the market.

Growth

Motorpoint has seen its market share grow with increased brand awareness. Importantly, we also see this awareness grow where we have a local branch presence. Where Motorpoint has branches and has deployed targeted marketing programmes, its mature market share of 0-4 year old vehicles is 9.5% compared to 3.7% nationally.

The profitability profile of a Motorpoint branch is also favourable. Historically in a normalized economic environment a new branch turns profitable in its second year and at maturity can generate profit in excess of £2m-£3m per annum. With ongoing improvements to its digital and branch customer experiences, and expanded and improved marketing, we believe that Motorpoint's mature and national market shares can be higher and its timeline to maturity accelerated.

Motorpoint has branches in 19 market regions and believes up to 25 markets are targets for future branches, leaving ample growth opportunity. With national brand awareness, a strong digital offer and an expanded network of service points, we would expect market share outside of branch catchments to grow as well.

Profit Model

We believe that Motorpoint is today the best operator in the UK's used car market. With almost 25 years of experience it has proven its superior pricing models and market-leading efficiency in inventory management, vehicle re-conditioning, logistics and branch operations. Motorpoint is using technology to further reduce costs across business processes and operations, including to reflect the cost saving opportunities in branches and call centres from increased consumer take-up of Motorpoint's improved digital services.

Motorpoint will emerge from the current depressed consumer market a more efficient business, having made progress on multiple key strategic initiatives. Over the long-term we will make further investments in technology, digital development and national marketing, offset to a degree by efficiencies across the business. As Motorpoint continues to improve its omnichannel customer experiences and data-driven processes, and to invest in more effective marketing and branch expansion, its brand awareness, market share, sales and profits should rise, creating a substantially bigger and more profitable business.

John Walden
Non-Executive Chairman, Motorpoint plc
24 November 2022

Chief Executive's statement

Overview

We continue to offer our customers every possible way of buying a vehicle to ensure everyone can access our outstanding price leadership proposition.

As has been previously highlighted, the impact of rising inflation, interest rates, consumer uncertainty and worldwide vehicle supply chain challenges are significantly affecting the used car market. For example, the market for our 0-4 year old sector has fallen from a pre Covid high of 2.4m sales per annum to c.1.6m. Whilst these headwinds undoubtedly limit our growth at this time, I am delighted that we achieved record first half revenue of £786.7m, up 30.0% on H1 FY22. Whilst this was helped by vehicle mix and inflation, we also achieved meaningful market share gains due to investment in new market areas, digital and technology capability, and price leadership.

Profit before taxation was £3.0m, down from £13.5m in H1 FY22. This reflects our planned investment in our strategic objectives, which cost an incremental £3.5m in H1 FY23, increased interest costs of £1.3m, along with the costs of maintaining our price leading position, including the maintenance of APR finance rates at 8.9% until 1 October 2022. H1 FY22 was influenced by record trading performance when branches opened post Covid.

Our net cash position has improved significantly since the end of FY22. Overall net cash improved by £25.7m in H1 FY23, and there was no structural debt at 30 September 2022. This was largely due to the use of the expanded stocking facilities, which allowed full repayment of the £29.0m revolving credit facility during the first few months of FY23. We ended the period with net cash of £4.5m.

As outlined previously, we believe there is a significant opportunity for Motorpoint to become a larger, highly profitable market leader in a changing and fragmented market. This will involve investments over time in data-driven technology, digital and branch customer experiences, and growth including marketing and branch expansion.

Strategy Update

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

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

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

Overall revenue grew 30.0% in the period, from £605.2m to £786.7m. E-commerce revenue grew to £350.6m (H1 FY22: £289.3m).

In the period, market share of the 0-4 year old market increased to 3.7% (H1 FY22: 2.9%), whilst market share within 30 minute drive time of a branch increased to 9.5% (H1 FY22: 7.3%). There is clear correlation between market share and unprompted brand awareness.

Two more new branches have opened successfully in FY23, namely Edinburgh and Coventry. Both are in strategically significant regions and have started strongly in their first few weeks of trading. Our estate has now expanded to 19 branches, with five openings in the past 13 months. Having identified up to 25 markets for future branches, the pipeline remains strong as we expand our geographical footprint to increase market share.

During H1 FY23 rapid progress has been made enhancing our digital capability. This has included hiring an experienced Chief Digital Officer, building up an in-house digital team and opening our new stateof-the-art Tech Hub in Manchester to help us attract the best talent in the digital industry as we enhance our online presence. Our website has been improved to include a new, lifestyle inspiring landing page, improved search functionality, imagery, product information and a more premium look and feel. In addition, work has been progressing quickly on integrating marketing platforms, SEO enhancements, targeted brand awareness and communication, and eCRM capability.

Our new Chief Technology Officer is planned to join us in early 2023, which will accelerate our technology improvement plans. Our tech priorities include advanced data applications such as further refining our data sources and pricing algorithms for car buying and selling to optimise unit profit margins, and further automating internal processes such as payments to customers to deliver future efficiency savings. Automation has already driven numerous efficiency improvements across the business and is something we will continue to leverage in the future.

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 during the period with an unerring focus on customer satisfaction. Our Net Promoter Score ('NPS') for sold vehicles remains at a record high 84 in the first half of this year and peaked at 87 in recent weeks.

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 recently introduced new and improved tools to help us attract and retain the best talent including a new careers website and e-applicant tracking system, an onboarding tool and a powerful internal communication platform.

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. We are proud to have once again been selected in the UK's 100 Best Companies to Work For, our eighth consecutive selection.

ESG

During the first half of this year, the Group made significant progress on its ESG strategy. The recently established ESG Committee is fully operational and has been instrumental in setting out the appropriate ESG targets. We want to be viewed as the most environmentally friendly used car retailer.

During the period we made great progress on these targets. We purchase carbon credits to offset our customers' first year driving emissions, we sold as many Electric Vehicles (EVs) this year as we did in the entire FY22 and we reduced our energy usage by 12.5% on a same location LFL basis, and 2.5% overall. Also, Scope 1 and 2 emissions reduced by 8.2% against the same period last year. We sent no waste of any materiality to landfill, and waste recycled increased to 89%, from 81% in FY22.

Outlook

Motorpoint remains an agile business with growing brand awareness, low fixed costs and a compelling operating model that has always offered its customers the best value proposition in the UK used car market. We strongly believe there is a significant opportunity for Motorpoint to become a highly profitable market leader, and that certain targeted strategic investments are particularly important in a weakened competitor landscape.

We are cognisant that rising inflation and interest rates, consumer uncertainty and vehicle supply challenges are significantly affecting the used car market and will likely continue to impact financial performance in FY23. However, Motorpoint has a strong track record of demonstrating financial resilience in a downturn, with market share gains and a proven ability to remain profitable and effectively manage cash resources. This ability will allow the Group to continue investing prudently in our strategic objectives, including technology enhancements which create greater efficiency across the business. The Group expects to emerge in a normalised market as a leaner and more valuable business ready to seize its significant opportunity.

Mark Carpenter
Chief Executive Officer
24 November 2022

FINANCIAL REVIEW

Group financial performance headlines

The Group experienced strong revenue for the six months ended 30 September 2022, which increased by 30.0% to £786.7m (H1 FY22: £605.2m) with continued strong market share gains. This growth was supported by new branches, an increase in premium models being sold, and vehicle price inflation.

Gross profit was £48.7m (H1 FY22: £55.5m). Gross margin reduced to 6.2% (H1 FY22: 9.2%) following high inflation in the price of used cars in FY22. This impacted both wholesale and retail channels. In FY23 we invested in the customer to ensure we maintained our price leading position, both in terms of low vehicle prices and absorbing cost of money increases by holding APR rates at 8.9% until October 2022.

Profit before taxation was £3.0m (H1 FY22: £13.5m). The drop reflects increased strategic investment and interest costs, along with a reduction from the record margins experienced in H1 FY22.

Despite the lower profitability net cash improved significantly from year end. Net cash at 30 September 2022 was positive £4.5m (31 March 2022: net £21.2m negative, being £7.8m cash and £29.0m fully drawn down revolving credit facility).

Trading performance

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

	Retail customers		**Wholesale customers**		**Total**	
	H1 FY23	H1 FY22	**H1 FY23**	H1 FY22	**H1 FY23**	H1 FY22
	£m	£m	**£m**	£m	**£m**	£m
Revenue	**653.1**	512.0	**133.6**	93.2	**786.7**	605.2
Gross profit	**43.4**	45.7	**5.3**	9.8	**48.7**	55.5

Retail

Revenue from retail customers was up 27.6% to £653.1m (H1 FY22: £512.0m), with 31.6k vehicles sold. Of these 33.6% were sold online. Broadly, since re-opening post Covid, we are seeing around two thirds of customers wanting the branch experience for their vehicle purchase.

Gross margin of 6.6% was reduced (H1 FY22: 8.9%) following significant inflation in the prior year, and investment in price leadership.

Finance per vehicle sold improved significantly in the period, helped by increased vehicle prices, and improved penetration. Penetration was 57.0% in September (H1 FY22: 51.7%). Our APR finance rates continue to be competitive despite an increase in October from 8.9% to 9.9%, which reflected the increase in cost of finance. In H1 FY23 we did not pass these increases to customers which demonstrated our price leadership, whilst deflating our gross margin.

Our 18th (Edinburgh) and 19th (Coventry) branches were opened on 30 September and 21 October 2022 respectively.

Wholesale

Wholesale revenue via Auction4Cars.com, which sells vehicles that have been part-exchanged by retail customers, or directly purchased from consumers, increased by 43.3%. Circa 17.4k vehicles were sold via this purely online platform. Gross margin weakened to 4.0% (H1 FY22: 10.5%), reflecting market conditions and last year's record performance, although strengthened towards the end of the period.

Operating expenses

Operating expenses increased from £40.4m in H1 FY22 to £42.8m. The Group continues to make a planned uplift in strategic costs with further investments in digital, technology and new branches. These incremental costs amounted to £3.5m in the period. Despite the new branches and growth of the digital marketing team, overall headcount reduced 8.0%, as we focus on efficiency in branches, preparation and head office. Energy costs (for the property portfolio at the time) were fixed for two years in September 2021. Energy usage in the first half for LFL branches fell 12.5% compared to the same period last year. Overall property costs increased due to new branches and rates (Government relief available in previous year). Marketing costs decreased from £10.2 to £7.9m, primarily due to increased cost in the early part of H1 FY22 to support branches post lockdown.

Exceptional items

There have been no exceptional items in the period (H1 FY22: £Nil).

Interest

The Group's net financial expense was £2.9m (H1 FY22: £1.6m); the increase reflects the rise in cost of borrowing.

Total interest charges on the stocking facilities in the period were £1.7m (H1 FY22: £0.7m).

Interest on lease liabilities of £1.0m (H1 FY22: £0.9m) was incurred during the period.

Interest on banking facilities was £0.2m (H1 FY22: £0.0m).

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 20.0% (H1 FY22: 21.5%) is slightly higher than the charge which would result from the standard rate of corporation tax in the UK of 19.0%. This reflects timing differences relating to fixed assets.

Shares

At 30 September 2022, 90,190,000 ordinary shares were outstanding, of which 556,980 were held in the Employee Benefit Trust.

Earnings per share

Basic and diluted earnings per share were both 2.7p (H1 FY22: 11.8p and 11.7p respectively).

Dividends

No dividend was paid in the period (H1 FY22: £Nil) and the Board has not recommended an interim dividend (H1 FY22: £Nil) while it focuses on investment to drive organic growth.

Capital expenditure and disposals

Cash capital expenditure was £5.5m (H1 FY22: £3.4m), and primarily related to bringing the new branches in Edinburgh and Coventry up to standard for opening, a major refit at the Newport branch and intangibles relating to software and website development. All new properties were leased.

In the period, two sale and leaseback transactions were successfully completed. These were the Stockton-on-Tees branch and the Peterborough preparation centre. The freeholds were sold for £5.0m and £4.7m and leased backed at annual rents of £350k and £265k respectively. There was no material gain or loss on either transaction.

Balance sheet

The Group's balance sheet improved in H1 FY23 and net assets increased since year end by £2.1m to £41.5m. Working capital was proactively managed during the period, with a significant improvement in the net cash position.

Non-current assets were £74.0m (31 March 2022: £59.2m) made up of £13.3m of property, plant and equipment, £57.8m right-of-use assets, intangible assets of £1.9m and £1.0m of deferred tax assets (31 March 2022: £10.9m, £46.7m, £0.6m and £1.0m 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 £185.6m of inventory, down from £228.4 at 31 March 2022. Days in stock for the period were 50 days (H1 FY22: 50 days). Whereas last year we experienced record vehicle price inflation, we saw a return to more normal conditions in FY23.

At 30 September 2022 the Group had £195.0m (31 March 2022: £195.0m) of stocking finance facilities available of which £124.6m (31 March 2022: £147.0m) was drawn. The Group currently has available stocking facilities with Black Horse Limited of £120.0m, and £75.0m with Lombard North Central PLC.

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 2022 £Nil (31 March 2022: £29.0m) was drawn on this facility.

Trade and other receivables have increased to £19.9m (31 March 2022: £13.6m) due to the timing of the period end compared with the day on which it fell for 31 March 2022, which affects when the cash is realised.

Trade and other payables, inclusive of the stock financing facilities, have decreased to £175.7m (31 March 2022: £193.8m) primarily reflecting a reduction in the drawn down stocking facilities when compared with the year end.

The increase in total lease liabilities to £63.6m (31 March 2022: £52.8m) reflects the additions of Edinburgh and Coventry, along with the sale and leasebacks of Stockton-on-Tees and Peterborough preparation centre.

Cash flow

Cash flow from operations was £28.9m inflow (H1 FY22: £10.9m inflow). The majority of this increase reflected the reduction in the value of inventory held since the year end, along with strong working capital control.

Other main items in the cash flow include: capital expenditure of £5.5m (H1 FY22: £3.4m), payments to satisfy future employee share plan obligations of £0.7m (H1 FY22: £1.8m), a repayment of borrowings of £29.0m (H1 FY22: £Nil), principal lease repayments of £2.7m (H1 FY22: £1.9m), interest payments of £2.9m (H1 FY22: £1.6m) and tax payments of £1.1m (H1 FY22: £2.2m). Proceeds of £9.7m were received for the two aforementioned sale and leasebacks.

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 £195.0m) 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. This loan facility with Santander UK PLC is due to expire in May 2024.

Chris Morgan
Chief Financial Officer
24 November 2022

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE FY23 UNAUDITED INTERIM RESULTS

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance UK adopted IAS 34 Interim Financial Reporting 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
24 November 2022

Condensed Consolidated Income Statement

For the six months ended 30 September 2022

	Note	**Unaudited Six Months ended 30 September 2022 £m**	Unaudited Six Months ended 30 September 2021 £m	Year ended 31 March 2022 £m
Revenue	6	786.7	605.2	1,322.3
Cost of sales		(738.0)	(549.7)	(1,216.0)
Gross profit		48.7	55.5	106.3
Operating expenses		(42.8)	(40.4)	(81.3)
Operating profit		5.9	15.1	25.0
Finance costs	7	(2.9)	(1.6)	(3.5)
Profit before taxation		3.0	13.5	21.5
Taxation	8	(0.6)	(2.9)	(4.6)
Profit for the period/year		2.4	10.6	16.9
Other comprehensive income and expenses:				
Tax relating to items which will not be reclassified to profit or loss		-	-	(0.2)
Other comprehensive expense		-	-	(0.2)
Total comprehensive income for the period/year attributable to equity holders of the parent		2.4	10.6	16.7
Earnings per share				
Basic	9	2.7p	11.8p	18.7p
Diluted	9	2.7p	11.7p	18.7p

The Group's activities all derive from continuing operations.

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

Condensed Consolidated Balance Sheet

As at 30 September 2022

	Note	**30 September 2022 (unaudited) £m**	30 September 2021 (unaudited) £m	31 March 2022 £m
ASSETS				
Non-current assets				
Property, plant and equipment	11	13.3	18.6	10.9
Right-of-use assets	13	57.8	47.6	46.7
Intangible assets	10	1.9	-	0.6
Deferred tax assets		1.0	1.2	1.0
Total non-current assets		74.0	67.4	59.2
Current assets				
Assets held for sale	12	-	-	9.2
Inventories		185.6	154.9	228.4
Trade and other receivables	14	19.9	9.2	13.6
Current tax receivable		-	1.0	-
Cash and cash equivalents		4.5	6.0	7.8
Total current assets		210.0	171.1	259.0
TOTAL ASSETS		284.0	238.5	318.2
LIABILITIES				
Current liabilities				
Trade and other payables, excluding contract liabilities	16	(175.7)	(145.9)	(193.8)
Borrowings		-	-	(29.0)
Lease liabilities	15	(2.7)	(2.9)	(3.3)
Current tax liabilities		(0.1)	-	(0.6)
Provisions	17	(0.1)	-	(0.1)
Total current liabilities		(178.6)	(148.8)	(226.8)
NET CURRENT ASSETS		31.4	22.3	32.2
Non-current liabilities				
Lease liabilities	15	(60.9)	(50.6)	(49.5)
Provisions	17	(3.0)	(2.3)	(2.5)
Total non-current liabilities		(63.9)	(52.9)	(52.0)
TOTAL LIABILITIES		(242.5)	(201.7)	(278.8)
NET ASSETS		41.5	36.8	39.4
EQUITY				
Share capital	19	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)	(1.8)	(4.7)
Retained earnings		46.6	38.4	43.9
TOTAL EQUITY		41.5	36.8	39.4

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

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 year	-	-	-	-	2.4	2.4
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**

Six Months Ended 30 September 2021 (Unaudited)	**Share capital**	**Capital redemption reserve**	**Capital reorganisation reserve**	**EBT reserve**	**Retained earnings**	**Total equity**
	£m	£m	£m	£m	£m	£m
At 1 April 2021	0.9	0.1	(0.8)	(0.1)	27.5	27.6
Profit for the year	-	-	-	-	10.6	10.6
Share-based payments	-	-	-	-	0.3	0.3
EBT share purchases and commitments	-	-	-	(1.8)	-	(1.8)
Share-based compensation options satisfied through EBT	-	-	-	0.1	-	0.1
At 30 September 2021	**0.9**	**0.1**	**(0.8)**	**(1.8)**	**38.4**	**36.8**

Year Ended 31 March 2022	**Share capital**	**Capital redemption reserve**	**Capital reorganisation reserve**	**EBT reserve**	**Retained earnings**	**Total equity**
	£m	£m	£m	£m	£m	£m
At 1 April 2021	0.9	0.1	(0.8)	(0.1)	27.5	27.6
Profit for the year	-	-	-	-	16.9	16.9
Other comprehensive expense	-	-	-	-	(0.2)	(0.2)
Share-based payments	-	-		-	0.1	0.1
EBT share purchases and commitments	-	-	-	(5.0)	-	(5.0)
Share-based compensation options satisfied through the EBT	-	-	-	0.4	(0.4)	-
At 31 March 2022	**0.9**	**0.1**	**(0.8)**	**(4.7)**	**43.9**	**39.4**

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2022

	Note	**Unaudited Six Months ended 30 September 2022 £m**	Unaudited Six Months ended 30 September 2021 £m	Year ended 31 March 2022 £m
Cash flows from operating activities				
Cash generated from / (used in) operations	18	28.9	10.9	(5.5)
Interest paid on borrowings and financial facilities		(1.9)	(0.7)	(1.8)
Interest paid on lease liabilities		(1.0)	(0.9)	(1.7)
Income tax paid		(1.1)	(2.2)	(2.3)
Net cash generated from / (used in) operating activities		24.9	7.1	(11.3)
Cash flows from investing activities				
Purchases of property, plant and equipment		(5.5)	(3.4)	(6.9)
Proceeds from disposal of property, plant and equipment and right of use assets		9.7	-	-
Net cash generated from / (used in) investing activities		4.2	(3.4)	(6.9)
Cash flows from financing activities				
Payments to satisfy employee share plan obligations		(0.7)	(1.8)	(5.0)
Repayment of principal element of leases		(2.7)	(1.9)	(4.0)
(Repayment of) / proceeds from borrowings		(29.0)	-	29.0
Net cash (used in) / generated from financing activities		(32.4)	(3.7)	20.0
Net (decrease) / increase in cash and cash equivalents		(3.3)	-	1.8
Cash and cash equivalents at the beginning of the period / year		7.8	6.0	6.0
Cash and cash equivalents at end of period / year		4.5	6.0	7.8
Net cash and cash equivalents comprises:				
Cash at bank		4.5	6.0	7.8

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 2022 comprise the Company, all of its subsidiaries and the Motorpoint Group Plc Employee Benefit Trust (the 'EBT'), together referred to as the "Group". These 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 2022 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 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. The last tranche of this increase was £30.0m, and this was made available in March 2022. In addition to an uncommitted £6.0m bank overdraft facility, a revolving credit facility of £29.0m is available. This was fully drawn down as at 31 March 2022, but has been repaid in the period and the balance is currently £Nil.

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

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

The Board has considered a severe but plausible downside scenario, 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.

In addition, the Directors have made use of the post period end trading performance to provide additional insight into the continuing viability of the business. While only a short period has passed since the period end, this evidence adds further comfort to the continuing strength of the Group in an active market. Given the continued historical liquidity of the Group and sufficiency of reserves and cash in the stressed scenarios modelled, the Board has concluded that the Group has adequate resources to continue in operational existence over the going concern period and into the foreseeable future thereafter. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

New accounting standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim financial statements are the same as those set out in the Group's annual financial statements for the year ended 31 March 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

2. Statement of Compliance

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with 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 2022 which are prepared in accordance with UK adopted IAS 34 Interim Financial Reporting. These condensed consolidated interim financial statements were approved by the Board of Directors on 23 November 2022.

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 2022 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 2022 are listed in the Motorpoint Group PLC Annual Report and Financial Statements on pages 116-123.

4. Comparative Figures

The comparative figures for the financial year ended 31 March 2022 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'. During the year the information presented to the Board has changed to reflect the different product mix and rates of growth which are expected to continue in the future between the wholesale and the retail revenue streams. Segmental information is presented on the same basis as the management reporting. An operating segment is a component of the business where discrete financial information is available and the operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

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

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

	Retail	Retail	**Wholesale**	Wholesale	**Total**	Total
	30 September 2022	30 September 2021	**30 September 2022**	30 September 2021	**30 September 2022**	30 September 2021
	£m	£m	**£m**	£m	**£m**	£m
Revenue	**653.1**	512.0	**133.6**	93.2	**786.7**	605.2
Cost of sales	**(609.7)**	(466.3)	**(128.3)**	(83.4)	**(738.0)**	(549.7)
Gross profit	**43.4**	45.7	**5.3**	9.8	**48.7**	55.5

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

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

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

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.

Products and services	**Nature, timing of satisfaction of performance obligations and significant payment terms**
Sale of motor vehicles	The Group sells nearly new vehicles and accessories to retail customers. Revenue is recognised at the point the vehicle is collected by, or delivered to, the customer. The satisfaction of the performance obligation occurs on delivery or collection of the product. The Group also sells vehicles acquired directly from consumers and through retail customer trade-ins to trade customers through its website Auction4Cars.com. Vehicles do not leave the premises until they are paid for in full and therefore the revenue and the profit are recognised at the point of sale. The satisfaction of the performance obligation occurs on collection of the vehicle. The Group operates a return policy which is consistent with the relevant consumer protection regulations.
Sales of motor related services and commissions	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. The Group offered an Extended Guarantee for either 12 or 24 months, which commenced from the end of the manufacturer’s warranty period. The revenue is deferred until the start of the policy period, and then released on a straight line basis over the policy term. Any directly attributable costs from the sale (e.g. sales commission) are also deferred and released over the same period. Customer claims are taken to the statement of comprehensive income as they are incurred during the policy term.

	Six Months ended 30 September 2022 £m	Six Months ended 30 September 2021 £m	Year ended 31 March 2022 £m
Revenue from sale of motor vehicles	745.3	571.3	1,253.1
Revenue from motor related services and commissions	34.5	27.5	62.9
Revenue recognised that was included in deferred income at the beginning of the period – Sale of motor vehicles	3.9	3.3	3.3
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
Revenue recognised that was included in the contract liability balance at the beginning of the period – Extended guarantee income	-	0.1	-
Total Revenue	**786.7**	**605.2**	**1,322.3**

7. Finance costs

	Six Months ended 30 September 2022 £m	Six Months ended 30 September 2021 £m	Year ended 31 March 2022 £m
Interest on bank borrowings	0.2	-	0.3
Interest on stocking finance facilities	1.7	0.7	1.5
Interest on lease liabilities	1.0	0.9	1.7
Total finance costs	**2.9**	**1.6**	**3.5**

8. Taxation

The tax charge for the period is provided at the effective rate of 20.0% (H1 FY22: 21.5%) 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.

	Six Months ended 30 September 2022	Six Months ended 30 September 2021	Year ended 31 March 2022
Profit Attributable to Ordinary Shareholders (£m)	2.4	10.6	16.9
Weighted average number of ordinary shares in Issue ('000)	90,190	90,190	90,190
Basic Earnings per share (pence)	2.7	11.8	18.7
Diluted Number of Shares in Issue ('000)	90,207	90,420	90,259
Diluted Earnings per share (pence)	2.7	11.7	18.7

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 2022	Six Months ended 30 September 2021	Year ended 31 March 2022
Weighted average number of ordinary shares in Issue ('000)	90,190	90,190	90,190
Adjustment for share options ('000)	17	230	69
Weighted average number of ordinary shares for diluted earnings per share ('000)	90,207	90,420	90,259

10. Intangible assets

	IT projects £m	**Total £m**
At 1 April 2022	0.6	0.6
Additions	1.4	1.4
Amortisation	(0.1)	(0.1)
At 30 September 2022	1.9	1.9

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 2022							
Cost	0.6	2.2	10.3	2.2	3.0	4.1	22.4
Accumulated depreciation	-	-	(5.8)	(1.3)	(1.4)	(3.0)	(11.5)
Net book value	**0.6**	**2.2**	**4.5**	**0.9**	**1.6**	**1.1**	**10.9**
Opening net book value	0.6	2.2	4.5	0.9	1.6	1.1	10.9
Additions	0.8	-	2.5	-	0.3	0.5	4.1
Depreciation	-	-	(0.9)	(0.1)	(0.2)	(0.3)	(1.5)
Disposals	(0.2)	-	-	-	-	-	(0.2)
Closing net book value	1.2	2.2	6.1	0.8	1.7	1.3	13.3
At 30 September 2022							
Cost	1.2	2.2	12.8	2.2	3.3	4.6	26.3
Accumulated depreciation	-	-	(6.7)	(1.4)	(1.6)	(3.3)	(13.0)
Net book value	**1.2**	**2.2**	**6.1**	**0.8**	**1.7**	**1.3**	**13.3**

12. Assets held for sale

	30 September 2022 £m	30 September 2021 £m	31 March 2022 £m
Land and buildings	**-**	**-**	**9.2**

13. Right-of-use assets

Right-of-use assets	**30 September 2022 £m**	30 September 2021 £m	31 March 2022 £m
Balance brought forward	46.7	43.6	43.6
Additions	14.1	6.3	8.1
Depreciation charge	(3.0)	(2.3)	(5.0)
	57.8	**47.6**	**46.7**

14. Trade and other receivables

Due within one year	**30 September 2022 £m**	30 September 2021 £m	31 March 2022 £m
Trade receivables	16.0	7.7	9.9
Prepayments	3.9	1.3	3.6
Accrued income	-	0.2	0.1
	19.9	**9.2**	**13.6**

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

15. Lease liabilities

Lease liabilities	**30 September 2022 £m**	30 September 2021 £m	31 March 2022 £m
Balance brought forward	52.8	49.3	49.3
Additions to lease liabilities	13.5	6.1	7.5
Repayment of lease liabilities (including interest element)	(3.7)	(2.8)	(5.7)
Interest expense related to lease liabilities	1.0	0.9	1.7
	63.6	53.5	52.8
Current	2.7	2.9	3.3
Non-current	60.9	50.6	49.5
	63.6	**53.5**	**52.8**

16. Trade and other payables

Due less than 1 year

	30 September 2022 £m	30 September 2021 £m	31 March 2022 £m
Trade payables			
- Trade creditors	27.5	13.0	11.8
- Stocking finance facilities	124.6	104.0	147.0
Other taxes and social security			
- VAT payable	1.1	3.0	1.8
- PAYE/NI payable	1.0	0.8	1.0
Other creditors	0.1	-	0.1
Accruals and deferred income	21.4	25.1	32.1
	175.7	**145.9**	**193.8**

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

17. Provisions

	30 September 2022 £m	30 September 2021 £m	31 March 2022 £m
Make good provision[1]	3.0	2.2	2.5
Onerous leases[2]	0.1	0.1	0.1
	3.1	2.3	2.6
Current	0.1	-	0.1
Non-current	3.0	2.3	2.5
	3.1	**2.3**	**2.6**

(1) Make good provision
The Group is required to restore the leased premises of its retail branches 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 within five years.

18. Cash flow from operations

	30 September 2022	30 September 2021	31 March 2022
Profit for the year attributable to equity shareholders	2.4	10.6	16.9
Adjustments for:			
Taxation charge	0.6	2.9	4.6
Finance costs	2.9	1.6	3.5
Operating profit	5.9	15.1	25.0
Share Based Compensation Charge	0.1	0.3	0.1
Depreciation and amortisation charge	4.6	3.2	7.3
Cash flow from operations before movements in working capital	10.6	18.6	32.4
Decrease/(Increase) in inventory	42.8	(26.5)	(100.0)
Increase in trade and other receivables	(6.3)	(1.5)	(5.9)
(Decrease)/Increase in trade and other payables	(18.2)	20.2	68.0
Increase in trade and provisions	-	0.1	-
Cash generated from operations	**28.9**	**10.9**	**(5.5)**

19. Share buybacks

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

	30 September 2022 Shares '000	**30 September 2022 £m**	31 March 2022 Shares '000	31 March 2022 £m
Shares in issue at start of period / year	90,190	0.9	90,190	0.9
Bought back and cancelled	-	-	-	-
Bought back and held as treasury shares	-	-	-	-
Released from treasury to satisfy employee share plan obligations	-	-	-	-
Shares in issue at end of period / year	90,190	0.9	90,190	0.9

The total cost of shares purchased for cancellation as shown in the Statement of Changes in Equity was £Nil (H1 FY22: £Nil).

ALTERNATIVE PERFORMANCE MEASURES “APMs”

Return on capital employed (ROCE)

	30 September 2022	30 September 2021	31 March 2022
Operating profit (£m)	**15.8**	16.6	25.0
Average net assets (£m)	**39.2**	32.4	33.5
ROCE	**40.3%**	51.2%	74.6%