4 September 2025

Vertu Motors plc ("Vertu Motors" or "the Group")

Trading Update: Robust used cars, aftersales and cost focus offset by new car market

Vertu Motors, a leading UK automotive retailer with a network of 195 sales and aftersales outlets, announces the following trading update with regards to the five-month period to 31 July 2025 ("the Period") ahead of its interim results for the six-month period ended 31 August 2025.

HIGHLIGHTS

- Full year FY26 adjusted[1] profit before tax expected to be in-line with current market consensus[2].
- Like-for-like used car volumes and margins are stable, a good result given supply constraints and demand impact of lower consumer confidence.
- Strong growth in high margin aftersales business due to improved pricing and benefits of a number of Group initiatives.
- New car market faces continued pressure from the Zero Emission Vehicle ("ZEV") mandate and general consumer environment. Encouraging developments in recent Government announcement on Electric Vehicle ("EV") grants which are expected to improve demand for new EV cars in H2 and which benefit many of the Group's franchises.
- New retail car order book for the plate change month of September is slightly ahead of the prior year.
- The Group continued its strong focus on cost control in the Period with like-for-like operating expenses level with last year despite inflationary pressures.
- The Group continues to develop its portfolio of sales outlets with the announcement of the opening of three new BYD sales outlets by 1 November, bringing the total number of BYD outlets operated by the Group to five.
- The Group continues its share buyback programme with £6.4m of the current £12.0m authority expended to 31 August, in the repurchase of 9.4m shares. Since share buyback programmes began in July 2017, over £41m has been returned to shareholders through the repurchase of shares, reducing the Group's shares in issue by over 19%.

[1] Adjusted to remove non-underlying items.
[2] According to Company compiled data as of 3 September 2025, the current consensus of three sell side analysts' expectations for FY26 Adjusted profit before tax is £27.2m, with a range of £26.5m to £27.5m.

Robert Forrester, Chief Executive Officer, said:

"I am pleased with the Group's performance in the first half as we have navigated a subdued consumer backdrop and continued uncertainty in the new car market caused by the Government's Zero Emissions Vehicle mandate. The Board expects results for the full year to be in-line with expectations driven by a continued strong performance from our high margin aftersales business, and greater affordability in the new electric vehicle market with more sub £20,000 new EVs available and a series of Government grants to stimulate EV activity now in place. Encouragingly, the September new retail order book is slightly ahead of last year and likely to benefit from the new grants regime.

Vertu benefits from a strong balance sheet with low gearing, stable leadership and motivated team such that when opportunities arise, we can allocate capital in a disciplined and flexible way to benefit our shareholders".

TRADING UPDATE

New retail car and Motability sales

According to SMMT data, UK private registrations grew by 4.4% during the Period despite continued pressure from the ZEV mandate and the impact of declining consumer confidence. 2024 saw the new retail market hit a 25-year low. The Group's like-for-like volumes in the Period grew 1.4% with the market data likely to be inflated by pre-registration and other tactical activity as a result of supply levels exceeding underlying retail demand. These trends also placed some pressure on retail margins.

Motability registrations are significantly down, with the UK market seeing a 19.8% decline in registrations via this channel with the Group's like-for-like Motability volumes declining 21.7% in the Period.

As a result of the change in sales mix, with lower margin Motability sales accounting for a smaller proportion of the Group's total new car volumes in the Period, new car margins in the Core Group[3] have grown to 8.0% (2024: 7.8%).

Fleet & Commercial vehicle sales

The Group's like-for-like volumes in the fleet car channel grew by 13.6% in the Period, slightly ahead of the market growth with sales, particularly of EV vehicles, remaining strong in the fleet channel compared to the retail channel.

Conversely, there has been reduced demand in new commercial vehicle sales throughout 2025 with UK registrations down 9.0% in the Period. This is likely to reflect weakening business confidence. The Group outperformed the market in this channel, gaining market share with Group like-for-like volumes declining 4.1% over the Period.

The Core Group's margins in this combined channel have declined slightly to 5.1% (2024: 5.3%) reflecting the Group's desire to increase volumes to manage Manufacturer vehicle stocking charge levels.

Used vehicle sales

Due to the well-documented new car market supply constraints in recent years, the Group continues to see market shortages of three-to five-year-old used vehicles, while there is an increasing supply of nearly new cars coming from the pre-registration channel and daily rental channels. This latter market dynamic reflects new car market features of oversupply and tepid demand. Despite these challenges, the Core Group delivered sales volumes slightly in excess of the prior year over the Period. The latter months showed improvement compared to the earlier part of the Period, driven by a highly successful ten-day Group-wide sales event in July that resulted in a significant rise in sales volumes and the benefits of the Group's Insights used car pricing algorithm.

Used car values in the UK market have shown considerable stability over the Period driven by this shortage of desirable stock leading to well-balanced supply and demand (source: CAPHPI, Car Market Overview, August 2025). Margins in used cars are under some pressure due to retail prices not growing to the same degree as trade prices. Aggressive new car offers are also impacting margins of younger used cars especially in the premium sector. Despite these market trends and discounting in the Group's July sales event, the Core Group over the Period saw stable margins.

Overall, used car gross profits rose year-on-year on a like-for-like basis.

Aftersales

In its high margin vehicle repair and servicing operations, the Group has delivered significant like-for-like growth in gross profit in the Period. The Group has successfully focused on initiatives to enhance average invoice values including focus on the Group's vehicle health check process and increased use of the Group's Pay Later product. These initiatives combined with upward pricing action, reflecting cost pressures that led to a year-on-year improvement in like-for-like labour sales and a rise in like-for-like service gross margins to 73.6% (2024: 72.5%). Aftersales gross profit in the Core Group increased as a consequence.

Operating expenses

As a UK business, it was inevitable that the Group faced cost pressures in the Period, particularly in respect of changes to the minimum wage and National Insurance contributions which took effect in April 2025. As previously announced, the Group undertook various cost cutting measures in the year ended 28 February 2025 to offset these headwinds. The Group continued its strong focus on cost control in the Period and made progress in reducing energy costs and vehicle running costs, in particular. These actions helped to keep operating expenses in the Core Group in line with the prior year, which the Board considers a major achievement.

The Board has approved a further £900k capital expenditure investment in solar panels in an additional portion of the Group's freehold property estate in order to continue to exert downward pressure on energy costs.

PORTFOLIO MANAGEMENT

The Group continues to actively manage its dealership portfolio to enhance shareholder value.

The Group will open three new BYD sales outlets in the coming months, in Hartlepool, Macclesfield and Morpeth adding to its existing BYD representation in Gloucester and Worcester. This initiative is part of the Group's strategy to reflect the likely increase in market share taken by Chinese manufacturers in the years ahead.

A Citroen dealership in Nottingham which operated from a leasehold premises was closed in June 2025 and will be refranchised to the Skoda franchise in November 2025.

The Group has generated proceeds of £3.3m from the sale of surplus properties held for resale in the Period which aids future returns.

FINANCIAL CONDUCT AUTHORITY & SUPREME COURT RULING ON COMMISSION DISCLOSURE

In August 2025, the Supreme Court issued its judgement relating to Court of Appeal rulings in October 2024 around historic finance commissions in the sector. The Supreme Court dismissed the claims regarding bribery and fiduciary duties owed by motor retailers to customers. It upheld one of the Court of Appeal decisions relating to an unfair relationship between the customer and the lender, albeit based on the facts of that case alone.

Following the judgement, the Financial Conduct Authority (FCA) confirmed that it will issue a consultation document in October 2025 regarding a proposed redress scheme for motor finance customers, with payments to consumers expected to start in 2026. The Group has, along with others in the sector, been involved in calls with the FCA to provide information and views as part of the development of the redress scheme.

Although the structure and details of the redress scheme are not yet known, redress is expected to be based on a definition of unfair relationships between some customers and lenders with the redress payable therefore expected to be initially levied on lenders, rather than on motor retailers as credit brokers.

The Board does not currently consider that provisions are required to be made in respect of any exposures in this area and will update shareholders as the position becomes clearer.

OUTLOOK

Full year FY26 adjusted profit before tax is expected to be in line with current market consensus. H1 profits will be lower than prior year reflecting the relative strength of comparative profits in H1 last year compared to the year as a whole.

The new retail car market registration remains under pressure due to regulatory actions around electrification and the general consumer environment in the UK. The Board is pleased to note that the Government has reacted to this weakness announcing in mid-July, a new series of grants to stimulate EV sales in all channels. This announcement, ahead of confirmation of the exact nature and extent of the grants, undoubtedly led to some customers in July and August deferring purchases until model availability on the scheme and pricing was clarified. So far, EV grants have now been confirmed as available in a significant number of brands which the Group represents with some other Manufacturers making similar discounts available to match this offering.

This enhancement of consumer offers will be helpful in stimulating demand for new cars in H2 and the very important September plate change market in particular. There have been further pleasing developments in affordability of electric cars with more sub £20,000 new EVs coming to the market. Against this backdrop, the Group has a new car order book slightly ahead of the prior year as it heads into the important trading month of September which bodes well for a strong September trading result. September underpins profitability in H2.

In the important Motability market, which has seen volume decline year-on-year, the Board expects the market to stabilise in H2 due to weakening comparatives.

Group aftersales performance remains encouraging, driven by strong focus on customer retention and improved conversion of identified work.

The used vehicle market has been remarkably stable due to inherent used vehicle supply constraints. This is expected to continue for the remainder of the financial year helping to underpin used vehicle values. Volume and margins are anticipated to be stable.

The Group remains well-positioned with stable management and a strong balance sheet with low gearing. The Board actively manages the portfolio, pursuing growth opportunities while ensuring disciplined capital allocation through strict return metrics. The share buy-back programme continues and these purchases will increase earnings per share.

The Group will report its interim results for the six-month period ended 31 August 2025 on 8 October 2025.

[3] Core Group represents dealerships that have traded for the full period March 2024 to July 2024 and March 2025 to July 2025

Vertu Motors plc

Tel: +44 (0) 191 491 2121
Robert Forrester, CEO
Karen Anderson, CFO
Phil Clark, Investor Relations

Stifel (Nominated Adviser and Joint Broker) **Tel: +44 (0) 207 710 7688**
Matthew Blawat
Nick Harland

Shore Capital (Joint Broker) **Tel: +44 (0) 20 7408 4090**
Mark Percy / Sophie Collins (Corporate Advisory)
Isobel Jones (Corporate Broking)

Camarco **Tel: +44 (0) 203 757 4980**
Billy Clegg
Tom Huddart

Notes to Editors
Vertu Motors is the fourth largest automotive retailer in the UK with a network of 195 franchised sales outlets across the UK.

Vertu Motors was established in November 2006 with the strategy to consolidate the UK motor retail sector. It is intended that the Group will continue to acquire motor retail operations to grow a scaled dealership group. The Group's acquisition strategy is supplemented by a focused organic growth strategy to drive operational efficiencies through its national dealership network.

Vertu's Mission Statement is to "deliver an outstanding customer motoring experience through honesty and trust".

Vertu Motors Group websites – https://investors.vertumotors.com / www.vertucareers.com
Vertu brand websites – www.vertumotors.com / www.vertumotorcycles.com