

29 June 2020

**Lookers plc (“the Company” or “the Group”)**

**UPDATE ON GRANT THORNTON INVESTIGATION**

The Company provides an update on the investigation being conducted by Grant Thornton UK LLP, supported by its internal team.

As previously announced a draft report (the “Draft Report”) was received by the Company in early June. The Company has now completed its initial review of the Draft Report and is in discussions with Grant Thornton UK LLP and Deloitte LLP, the Group’s auditors, with a view to concluding outstanding matters at the earliest opportunity.

The Draft Report identified a cumulative total of approximately £19m of non-cash adjustments (the “Draft Adjustments”) necessary to correct overstatements in profitability over several years. The Company has reviewed and agreed the Draft Adjustments and currently considers that approximately half of the Draft Adjustments impact the 2019 results with the remainder accumulated in prior years. Analysis is ongoing to determine the historical impact of the Draft Adjustments prior to 2019, but at present it is not possible to determine if the historical elements of the Draft Adjustments would be material in any year.

As previously reported, circa £4m of the Draft Adjustments relate to the initial phase of the investigation which focused on one of the Group’s operating divisions. These adjustments include certain misrepresented and overstated debtor balances in respect of supplier bonuses receivable together with a number of fraudulent expense claims.

The remaining £15m of the Draft Adjustments relate to the incorrect or inconsistent application of policies, processes and accounting standards. The Draft Report also highlighted several areas where certain financial controls and some behavioural and cultural aspects require strengthening.

The Company has commenced implementing remedial measures to address these points and is continuing to invest in its systems and controls to further improve their robustness. An independent Board committee has been established to ensure proper implementation of the recommendations from the report.

Whilst the Company is making good progress in resolving the investigation there remain a number of outstanding issues and until such time as these issues are resolved and Deloitte LLP have completed their audit, it is not possible for the Company to confirm the full impact.

However, the Board believes that 2019 will remain profitable at the underlying profit before tax level.

Further updates will be provided as appropriate.

This announcement includes inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014.

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