24 August 2022

LOOKERS plc (“Lookers” or the “Group”)

Unaudited Interim Results for the six months ended 30 June 2022

Excellent performance against ongoing vehicle supply disruption

Lookers plc, one of the leading UK integrated automotive retail and service groups, today announces its unaudited interim results for the six months ended 30 June 2022 (“H1” or the “period”).

Highlights

- H1 trading strong despite OEM supply constraints on new vehicles and good progress against strategic priorities. Revenue of £2,230.0m (2021: £2,153.2m) driven by increases in used vehicles and aftersales, whilst outperforming the UK new car market by 1.7%.
- Profit performance underpinned by material improvement in new vehicle gross profit margin.
- H1 profit before tax in line with prior year at £49.9m (2021: £50.4m).
- Underlying profit before tax of £47.2m against an exceptionally strong comparative (2021: £50.0m) which benefited from £12.7m of Government support and despite rising employment and utility costs.
- Excellent cash generation with net funds of £78.5m as at 30 June 2022 (31 December 2021: £3.0m), driven by strong trading and robust working capital management.
- Cash and property portfolio equivalent to 95p per share (31 December 2021: 78p per share).
- Interim dividend of 1.00p per share, reflecting trading performance and strong balance sheet.

Financial Summary

	H1 2022	H1 2021 (restated)*	FY 2021
Revenue	£2,230.0m	£2,153.2m	£4,050.7m
Underlying profit before tax**	£47.2m	£50.0m	£90.1m
Underlying earnings per share**	9.67p	10.16p	20.07p
Profit before tax	£49.9m	£50.4m	£90.0m
Basic earnings per share	10.31p	6.25p	15.65p
Dividend per share	1.00p	-	2.50p
Net funds***	£78.5m	£33.0m	£3.0m

*The figures shown for H1 2021 reflect the adjustments to the interim results for 2021, consistent with those included within the full year 2021 audited results and H1 2022 unaudited results. A reconciliation of these adjustments is presented in Note 1.

** Underlying profit before tax is profit before tax and non-underlying items. Underlying earnings per share is the earnings per share after tax and before non-underlying items (see Note 11).

*** Cash and cash equivalents less bank loans and overdrafts, excluding stocking loans, vehicle rental liabilities and lease liabilities under IFRS 16 (see Note 11).

Mark Raban, Chief Executive Officer, said:

“Our first half financial performance was very strong, against an exceptional comparative period, despite ongoing inflationary pressure and vehicle supply disruption. We have also made excellent progress with our strategic priorities.”

“We remain focussed on our customers and improving our proposition to ensure the process of buying or leasing a car is as easy and simple as possible, particularly in the current challenging economic environment. Notably, our recent ‘You Choose’ brand campaign highlighted the progress we have made in our omnichannel capabilities.”

“We are focussed on operational ‘self-help’ efficiencies across the business. At the same time, we continue to pursue a number of exciting growth opportunities including with new brand partnerships. Whilst mindful of the pressures facing consumers, we are confident in our strategic direction and retain our expectations for the remainder of the year. Finally, I would like to thank all our stakeholders and particularly my fantastic colleagues across the business for their support and dedication.”

Details of results webcast

There will be an in-person meeting at the Numis offices at 9:30am UK time for analysts and institutional investors. The event will also be webcast for those unable to participate in-person. To register for details please contact MHP Communications by email on lookers@mhpc.com.

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About Lookers plc (www.lookersplc.com)

The Group's principal activities are the sale of new and used cars, vans and aftersales activities. The Group's businesses have a total of 143 franchised dealerships representing 31 manufacturers, operating across the UK and Republic of Ireland.

The Company is registered in England at Lookers House, 3 Etchells Road, West Timperley, Altrincham WA14 5XS. Company registration number 00111876. LEI number 213800TSB8PJEACDAV33

Cautionary statement

This Interim Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Interim Report should not be relied on by any party or for any other purpose.

All statements other than statements of historical fact included in this document, including, without limitation, those regarding the financial condition, results, operations and businesses of Lookers plc and its strategy, plans and objectives and the markets and economies in which it operates, are forward-looking statements. Such forward-looking statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report. Such statements should be treated with caution due to the inherent uncertainties, known and unknown risks, and other important factors underlying any forward-looking information which could cause the actual results, performance or achievements of Lookers or the markets and economies in which it operates to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Lookers and its Directors accept no liability to third parties in respect of this report save as would arise under English law.

INTERIM MANAGEMENT REPORT

We are reporting a very strong financial performance for the half, with profits broadly in line with the comparative period in 2021, which included the benefit from £12.7m of Government support. The performance is notable against a backdrop of increasing inflationary pressures, including both employment and utility costs. It also demonstrates the early progress made with our strategic priorities to grow the business, not least in operational optimisation.

This trading performance has been driven by a strong increase in used vehicle and aftersales revenues. Our margin performance has also been underpinned by the material improvement in vehicle gross profit, which largely reflects the ongoing supply constraints and self-help measures.

Given the ongoing strong recovery of the business since the impact of COVID-19, the Board has taken the decision to repay the business rates relief received in Q1 of the current year, totalling £1.5m.

A strong trading performance and excellent cash generation has supported the Board's decision to pay an interim dividend of 1.00p per share.

Strategy Update

These results demonstrate that we have made excellent progress with our six strategic growth priorities and implementing several 'self-help' initiatives, which have supported revenue and growth in the H1 performance and will support further growth in the medium term. We continue to focus on having a diverse range of OEM brands represented across the UK and are increasingly focussed on bringing EV brands to the UK in ever greater numbers and are delighted by our progress in this area. An update on the progress on our six strategic priorities is set out below:

Operational optimisation: *Significant progress driving performance*

- Good progress made in standardising our call centre and enquiry management systems. This has driven lead conversion rates to improve 1% year on year.
- Live service plans are 146k; ahead of last year. Approximately 16k used warranties sold in H1 (2021: 5k).
- Significant increase in used finance penetration to 48%, delivering an additional c.£7m of finance income year on year.
- Robust working capital management delivering c.£63m of cash flow benefit.
- Centralised procurement team now established, with several cost and cost avoidance benefits delivered.
- Potential UPBT benefit of £15m plus in the medium term.

Leveraging technology and digitisation: *Creating a robust platform for growth*

- New dealer management system provides the Group with a single platform that standardises dealership operations and improves data analytics to drive growth. Mercedes Benz and JLR estate conversions were delivered in H1 and the project is on track for completion by the end of 2023.
- Commenced 'Salesforce transformation' programme which will offer:
    - A seamless omni-channel experience 'You Choose'.
    - Much improved customer journey and self-service.
    - Materially improved CRM, data analytics and AI opportunity.
    - Significant productivity improvements anticipated.

Expanding OEM relationships: *Strong pipeline of new growth opportunities emerging*

- Further expansion of successful Polestar relationship and excellent progress with a number of new brands and EV only entrants.
- Good pipeline of OEM sponsored infill opportunities, which are being explored in line with the Group's acquisition strategy.
- Potential UPBT benefit of £5m plus in the medium term.

Increasing used vehicle penetration: *Trialling a new concept in non-franchised, omni channel used retailing*

- Existing eight acre freehold property in the North East has been identified as first 'Full Cube' site to be developed. Compared to a land purchase this has a lower capital requirement and greater certainty of speed to market. Planning and feasibility studies are in progress.
- We have now identified multiple revenue streams that can be supported from click and collect locations.
- Potential UPBT benefit of £5m plus in the medium term.

Developing aftersales revenues: *Rapid mobilisation of a proven incremental revenue stream*

- Cosmetic repairs rollout on track. Approximately 50 fixed sites and 20 mobile solutions will be in place by the end of 2023, with approximately half delivered by the end of 2022.
- Potential UPBT benefit of £5m plus in the medium term.

Leveraging corporate leasing and fleet capabilities: *Consolidating and integrating our corporate operations to unlock growth potential*

- Established 'Lookers Vehicle Solutions' umbrella brand, gaining industry-wide recognition, and a significant number of new corporate client "wins" achieved in the period.
- Lookers Vehicle Solutions platform and operational consolidation commenced and will complete in H2. This will deliver potential efficiency savings of c£1m pa (our leasing operations saw H1 gross profits grow from £8.8m to £12.1m).
- Vehicle supply disruption limits short term growth potential but long term attractive opportunities remain.

Operating Review

Overview

H1 2022 Segmental analysis of revenue and gross profit:

Revenue	H1 2022 £m	H1 2021 £m	Variance	LFL Variance
New Vehicles	970.2	1,027.5	-5.6%	-5.6%
Used Vehicles	1,219.0	1,044.8	16.7%	16.8%
Aftersales	230.1	211.3	8.9%	10.5%
Leasing and Other	64.6	79.3	-18.5%	-18.5%
Less: intercompany	(253.9)	(209.7)		
Total	**2,230.0**	**2,153.2**	**3.6%**	**3.7%**

Gross Profit	H1 2022 £m	H1 2021 £m	Variance	LFL Variance
New Vehicles	84.3	66.6	26.6%	26.4%
Used Vehicles	88.5	89.8	-1.4%	-1.5%
Aftersales	97.9	92.4	5.9%	7.6%
Leasing and Other	12.1	8.8	37.5%	37.0%
Total	**282.8**	**257.6**	**9.8%**	**10.4%**
Gross margin	**12.7%**	**12.0%**	**+70 BPS**	**+75 BPS**

New vehicles

New vehicles	H1 2022	H1 2021	Variance	LFL Variance
Car retail unit sales	20,756	20,742	0.1%	0.0%
Car fleet unit sales	14,308	18,319	-21.9%	-22.0%
Total passenger car	**35,064**	**39,061**	**-10.2%**	**-10.4%**
Commercial vehicles	6,193	11,590	-46.6%	-46.6%
Total unit sales	**41,257**	**50,651**	**-18.6%**	**-18.7%**
Gross margin	**8.7%**	**6.5%**	**+221 BPS**	**+220 BPS**

The sale of new vehicles represented 39.1% (2021: 43.5%) of total revenue and 29.8% (2021: 25.8%) of total gross profit.

The overall new car market continues to be impacted by supply issues caused by semiconductor chip shortages. In H1 there were c.800,000 vehicles registered in the UK, a decline of 11.9% versus last year (Retail +4.2%, Fleet -25.1%).

The Group outperformed the market by 1.7% at a total passenger car level. The Group's commercial vehicle performance has been more significantly impacted by semiconductor chip shortages due to the mix of vehicles sold in this area.

Despite supply challenges, demand for new vehicles remains strong, with the Group carrying a retail order bank of c.22,000 vehicles (June 2021: c.9,000) into the second half of the year. The imbalance of supply and demand, alongside a focus on operational optimisation, has led to a 221 BPS increase in gross margin from 6.5% to 8.7%.

The electric vehicle (EV) market continued to grow in the period, with EVs now representing 14.4% (H1 2021: 8.1%) of UK new car registrations. Lookers EV sales mix continues to be higher than the national average at 17.8%, increasing from 12.5% in H1 2021, due to our focus in this growth segment.

Used vehicles

Used vehicles	H1 2022	H1 2021	Variance	LFL Variance
Retail unit sales	42,543	46,380	-8.3%	-8.3%
Gross margin	**7.3%**	**8.6%**	**-133 BPS**	**-134 BPS**

The sale of used vehicles represented 49.1% (2021: 44.2%) of total revenue and 31.3% (2021: 34.8%) of total gross profit. Like-for-like unit sales declined by 8.3%. Despite the reduction in volumes, revenues increased by 16.7% due to a c.27% increase in average sales price.

The reduction in volume in the period was consistent with the wider market, which also saw an 8.3% reduction in the period.

In H1 2021 pent up demand and relatively high levels of consumer disposable income following various lockdown restrictions resulted in an unprecedented used car market. As anticipated the Group experienced reductions in both unit sales and gross margin % during the period, which included the impact of used car supply challenges.

The shortage of new vehicles has had a knock-on impact on the availability of used vehicles, although the success of 'Click & Sell' (direct to consumer car buying) has helped the situation.

Focus continues on driving great customer outcomes through our regulated activities. Our investment in training and continual optimisation of our customer journey and sales process have seen a significant increase in used finance penetration to 48% with finance income c.£7m ahead year on year. Looking forwards, we are continuing this focus through our preparation for the introduction of the FCA's Consumer Duty.

Whilst the overall gross margin % has reduced, the gross profit per unit has remained strong at c.£2,100, compared to £1,900 in H1 2021.

Aftersales

Aftersales	H1 2022	H1 2021	Variance	LFL Variance
Revenue £m	230.1	211.3	8.9%	10.5%
Gross margin	**42.5%**	**43.7%**	**-120 BPS**	**-114 BPS**

Aftersales represented 9.3% (2021: 8.9%) of total revenue and 34.6% (2021: 35.9%) of total gross profit.

In H1 like-for-like aftersales revenue growth was 10.5% and gross margin was 42.5% (2021: 43.7%). Despite the impact of COVID-19, workshops remained fully operational in the prior period.

The current period has seen the Group continue its focus on improving the customer journey through digitisation, whilst the demand for skilled labour has increased costs and reduced gross margin.

In line with the Group's strategic priorities, the roll out of new static and mobile cosmetic repair infrastructure commenced in the period, with approximately half of the planned sites expected to be delivered by the end of the year.

H1 2022 Financial Review

Revenue

H1 revenue of £2,230.0m was 3.6% higher than the comparative period (2021: £2,153.2m). Like-for-like revenue increased by 3.7% with increased revenue from used cars and aftersales being partially offset by reduced new vehicle revenue.

Gross profit

Gross profit increased by 9.8% to £282.8m (2021: £257.6m). Gross profit margin at 12.7% was ahead of last year by 70 BPS. Increased gross profit was largely driven by a material increase in new vehicle margins. Both aftersales and leasing also contributed additional gross profit, whilst used gross profit was broadly flat.

Government support schemes

Underlying profit before tax contains £Nil Government COVID-19 support (H1 2021: £12.7m, split £1.1m within cost of sales and £11.6m within operating expenses). In the prior period support was received through the Coronavirus Job Retention Scheme (CJRS) (£4.1m), business rates relief (£6.7m) and site specific local recovery grants (£1.9m). Support received through the CJRS and local recovery grants were subsequently repaid, with the cost of repayment (£6.0m) recorded in H2.

At 30 June 2022, the Group had committed to repay business rates relief received in H1 2022 (£1.5m) and therefore the cost of repayment, alongside the benefit received, is included within these results.

Operating expenses

Underlying net operating expenses of £224.0m (2021: £194.6m) were 15.1% above the comparative period. Excluding the impact of Government support schemes (see above) underlying net operating expenses increased by £17.8m (8.6%).

The increase in underlying net operating expenses includes an additional £8.6m of staff costs as the Group continues to invest in key areas of the business. Notably new pay plans were introduced across several areas including sales teams and technicians in the period. Additional utility costs of £4.1m also contribute to the increase, due to the well documented increase in energy costs but also COVID-19 showroom closures in Q1 FY21. Further, the Group's marketing costs have increased £1.9m following the investment in the 'You Choose' multi-media brand campaign.

Non-underlying items

The Group recorded a net non-underlying credit of £2.7m (2021: net credit £0.4m). A gain of £6.0m was recognised on the sale and leaseback of one of the Group's properties at York Road, Battersea, for which proceeds of £28.0m were received. This gain has been partially offset by costs of £3.3m relating to the exit of operations across a number of leased sites. Included within these costs are fixed asset impairments, staff redundancies, and other onerous contract costs. In the prior period the Group recorded £0.4m of non-underlying credits relating to the gains on property disposals (see Note 3).

Net finance costs

Net finance costs were lower than the comparative period at £11.6m (2021: £13.0m). This has been driven by lower levels of drawdown on the revolving credit facility ("RCF") throughout the period.

Taxation

The Group's tax charge was £9.5m (2021: £26.0m), an effective tax rate of 19.0% (2021: 51.6%). The effective rate is in line with the current rate of UK tax.

The Group's tax charge is significantly lower than the prior period as the prior period contained an additional deferred tax charge of £15.6m reflecting the substantive enactment of the planned increase in the standard rate of corporation tax to 25% from April 2023.

Earnings per share (EPS)

Underlying EPS decreased by 4.8% to 9.67p share (2021: 10.16p per share). Basic EPS increased by 65.0% to 10.31p per share (2021: 6.25p per share).

Dividend

The Group's 2021 Annual Report & Accounts set out the Board's intention to adopt a progressive dividend policy, with a target dividend cover of 3.5x to 4.5x for FY22 onwards. Consistent with the policy, the Board has declared an interim dividend of 1.00p per ordinary share which will be paid on 25 November 2022 to shareholders on the register at close of business on 21 October 2022.

A dividend of £9.8m relating to the 2021 financial year was paid in June 2022

Cashflow and net debt

Throughout H1 the Group maintained a strong focus on operational cash flow. The net cash inflow from operating activities in H1 was £80.2m (2021: £84.8m), largely as a result of the strong trading performance and ongoing working capital focus. Working capital improvements have generated £63.2m of cash from operations, although we expect some of this benefit to unwind in H2 following VAT repayments made in the normal course of business. At the balance sheet date stocking loans totalled £218.1m (31 December 2021: £248.1m), equivalent to 82% of goods for resale (31 December 2021: 80%). Property, plant and equipment capital expenditure totalled £8.0m (2021: £6.7m).

Net funds at 30 June 2022 were £78.5m (30 June 2021: £33.0m; 31 December 2021: £3.0m).

The Group continues to benefit from a strong property portfolio. The net book value of freehold and leasehold properties of £295.4m (2021: £303.9m) (equivalent to 75p per share) at the end of the period remains a key strength of the business.

Financing

In June 2022, the Group agreed an amendment and extension to its RCF, with a refreshed banking club. The amended RCF is for an initial £100m and will expire on 30 September 2025. The facility is subject to quarterly covenant tests on leverage and interest cover. The agreement is with four syndicate banks (previous agreement: five), with one of the banks forming a new relationship with the Group.

Pension schemes

The Group's actuary has assessed the IAS 19 valuation of both the Lookers Pension Plan and Benfield Pension Plan as at 30 June 2022.

At 30 June 2022, the IAS 19 pension valuation showed a total deficit of £24.3m (30 June 2021: £65.0m; 31 December 2021: £43.2m). An increase in corporate bond yields during the period and the associated decrease in discount rate has resulted in the liabilities decreasing, which has been partly offset by a decrease in the schemes' asset values. In the first half of the year, and in line with the funding programme agreed with the Trustees, the Group made additional cash contributions including expenses to the Lookers Pension Plan amounting to £7.5m (H1 2021: £6.3m).

Restatement of prior period

The Group's H1 2021 comparatives have been restated to reflect the correction of a number of errors in our IFRS 16 lease calculations. These corrections are detailed in Note 1. The errors and methodology used to calculate the corrections are both consistent with those documented in the Group's 2021 Annual Report and Accounts.

Risks and uncertainties

As with any business, there are a number of potential risks and uncertainties which could have a material impact on the Group's future performance and could cause actual results to differ materially from both expected and historical results. The Board believes the wider risks and uncertainties to be materially consistent with those described on pages 34 to 39 in the 2021 Annual Report and Accounts.

In addition, the Board continues to manage and robustly monitor the change agenda that supports the implementation of the Group's strategic priorities. An update on these priorities is provided in the Strategy Update earlier in this document.

We continue to be mindful of the impact of upwards inflationary pressures and interest rate rises on both consumer confidence and the Group's operating costs. Further, the semiconductor shortages and the war in Ukraine continue to cause challenges in the supply of new vehicles.

Summary and outlook

The Group continues to make good progress in the delivery of its strategic priorities. Supply disruption in the first half of the year made trading conditions challenging. However, against this backdrop the business has delivered an excellent operational and financial performance.

Trading during July and August has been in line with expectations. Margins remain at H1 levels and the Group continues to maintain a strong order book for the remainder of 2022. With a focus on 'self-help' initiatives within our operational optimisation strategic priority, we have been able to add materially to the profitability of the business. Alongside this we launched the 'You Choose' brand campaign which sees the Group investing to build significant brand awareness amongst consumers to strengthen the effectiveness of our strategic initiatives and drive long term growth.

Notwithstanding the material cost headwinds being experienced and the wider macroeconomic uncertainties, the Group remains well positioned to deliver on its strategic priorities for the remainder of 2022 and beyond. We will continue to invest in our people, digital capabilities, building our OEM relationships and bring new EV entrants to the UK. All investments will continue to be made in line with the strict rules of our capital allocation policy.

The Company looks forward to providing an update on OEM / volume supply later in the year after the important month of September new car registrations.

Mark Raban
Chief Executive Officer

23 August 2022

INDEPENDENT REVIEW REPORT TO LOOKERS PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the condensed consolidated statement of total comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flow and the notes to the financial information.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in the basis of preparation, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
Manchester, UK
23 August 2022
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Condensed Consolidated Statement of Total Comprehensive Income

	Note	**Unaudited six months ended 30 June 2022 £m**	Unaudited six months ended 30 June 2021 (restated)* £m	Audited year ended 31 December 2021 £m
Revenue	2	**2,230.0**	**2,153.2**	**4,050.7**
Cost of sales		(1,947.2)	(1,895.6)	(3,534.1)
Gross profit		**282.8**	**257.6**	**516.6**
Net operating expenses		(221.3)	(194.2)	(402.5)
Operating profit		**61.5**	**63.4**	**114.1**
Underlying operating profit		58.8	63.0	114.2
Non-underlying items	3	2.7	0.4	(0.1)
Finance costs	5	(11.6)	(13.0)	(24.1)
Profit before taxation		**49.9**	**50.4**	**90.0**
Underlying profit before taxation		47.2	50.0	90.1
Non-underlying items	3	2.7	0.4	(0.1)
Tax charge		(9.5)	(26.0)	(28.8)
Profit for the period/year (attributable to shareholders of the company)		**40.4**	**24.4**	**61.2**
Exchange differences on translation of foreign operation (may be recycled to profit and loss)		0.3	(0.2)	(0.5)
Actuarial gains on pension scheme obligations (not recycled to profit and loss)		12.2	8.8	24.9
Deferred tax on pension scheme obligations (not recycled to profit and loss)		(3.0)	2.6	0.4
Total other comprehensive income for the period/year		**9.5**	**11.2**	**24.8**
Total comprehensive income for the period/year (attributable to shareholders of the company)		**49.9**	**35.6**	**86.0**
Earnings per share:				
Basic earnings per share (p)	6	10.31	6.25	15.65
Diluted earnings per share (p)	6	10.19	6.09	15.55

* See Note 1 for details.

Condensed Consolidated Statement of Financial Position

	Note	**Unaudited 30 June 2022 £m**	Unaudited 30 June 2021 (restated)* £m	Audited 31 December 2021 £m
Non-current assets				
Goodwill		79.3	79.3	79.3
Intangible assets		106.6	108.9	107.9
Property, plant and equipment		396.7	399.1	399.3
Right of use assets		113.1	121.7	115.7
		695.7	**709.0**	**702.2**
Current assets				
Inventories		489.9	484.5	511.9
Trade and other receivables		139.5	148.7	108.5
Current tax receivable		-	-	5.6
Rental fleet vehicles		32.9	28.3	27.5
Cash and cash equivalents		153.8	147.5	103.9
Assets held for sale	7	4.0	11.1	5.0
		820.1	**820.1**	**762.4**
Total assets		**1,515.8**	**1,529.1**	**1,464.6**
Current liabilities				
Bank loans and overdrafts	8	68.5	63.7	83.6
Trade and other payables		770.7	797.6	729.6
Lease liabilities	8	21.8	20.2	20.7
Current tax payable		1.6	6.8	-
		862.6	**888.3**	**833.9**
Net current liabilities		**(42.5)**	**(68.2)**	**(71.5)**
Non-current liabilities				
Bank loans	8	6.8	50.8	17.3
Trade and other payables		38.9	36.9	35.1
Lease liabilities	8	125.1	122.1	116.1
Pension scheme obligations		24.3	65.0	43.2
Deferred tax liabilities		48.0	47.3	49.4
		243.1	**322.1**	**261.1**
Total liabilities		**1,105.7**	**1,210.4**	**1,095.0**
Net assets		**410.1**	**318.7**	**369.6**
Shareholders' equity				
Ordinary share capital		19.6	19.5	19.6
Share premium		78.4	78.4	78.4
Capital redemption reserve		15.1	15.1	15.1
Retained earnings		297.0	205.7	256.5
Total equity		**410.1**	**318.7**	**369.6**

* See Note 1 for details.

Condensed Consolidated Statement of Changes in Equity

Period ended 30 June 2021 (unaudited)	**Note**	**Share capital £m**	**Share premium £m**	**Capital redemption reserve £m**	**Retained earnings £m**	**Total equity £m**
As at 1 January 2021		19.5	78.4	15.1	169.9	282.9
Profit for the period (restated)*		-	-	-	24.4	24.4
Total other comprehensive income for the period		-	-	-	11.2	11.2
Total comprehensive income for the period (restated)*		-	-	-	35.6	35.6
Share based compensation		-	-	-	0.2	0.2
As at 30 June 2021 (unaudited) (restated)		**19.5**	**78.4**	**15.1**	**205.7**	**318.7**
Year ended 31 December 2021 (audited)						
As at 1 January 2021		19.5	78.4	15.1	169.9	282.9
Profit for the year		-	-	-	61.2	61.2
Total other comprehensive income for the year		-	-	-	24.8	24.8
Total comprehensive income for the year		-	-	-	86.0	86.0
New shares issued		0.1	-	-	-	0.1
Share based compensation		-	-	-	0.6	0.6
As at 31 December 2021		**19.6**	**78.4**	**15.1**	**256.5**	**369.6**
Period ended 30 June 2022 (unaudited)						
As at 1 January 2022		19.6	78.4	15.1	256.5	369.6
Profit for the period		-	-	-	40.4	40.4
Total other comprehensive income for the period		-	-	-	9.5	9.5
Total comprehensive income for the year		-	-	-	49.9	49.9
Share based compensation		-	-	-	0.4	0.4
Dividends paid to shareholders	4	-	-	-	(9.8)	(9.8)
As at 30 June 2022		**19.6**	**78.4**	**15.1**	**297.0**	**410.1**

* See Note 1 for details.

Condensed Consolidated Statement of Cash Flow

	Note	Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 (restated)* £m	Audited year ended 31 December 2021 £m
Cash flows from operating activities				
Profit for the period/year		40.4	24.4	61.2
Tax charge		9.5	26.0	28.8
Depreciation of property, plant and equipment, rental fleet and right of use assets		23.8	23.6	48.9
Gain on disposal of property, plant and equipment		(5.5)	(0.4)	(2.4)
Gain on lease surrenders		(0.8)	-	-
Gain on disposal of right of use asset associated with rental fleet assets		(0.3)	(0.9)	(0.4)
Amortisation of intangible assets		2.4	2.6	5.0
Share based compensation		0.4	0.2	0.6
Impairment of property, plant and equipment		0.2	-	0.7
Impairment of right of use assets	3	1.2	-	1.2
Finance costs excluding pension related finance costs and debt issue costs	5	10.5	12.2	22.1
Debt issue costs	5	0.7	0.3	1.1
Difference between pension charge and cash contributions		(6.7)	(5.5)	(11.2)
Purchase of rental fleet vehicles		(13.5)	(6.8)	(23.6)
Purchase of right of use assets associated with rental fleet assets		(0.3)	(0.9)	(0.4)
Purchase of vehicles for long term leasing		(27.7)	(15.0)	(34.9)
Changes in inventories		42.0	184.8	183.5
Changes in receivables		(29.4)	(28.2)	11.7
Changes in payables		50.6	(118.0)	(188.9)
Cash generated from operations		97.5	98.4	103.0
Finance costs paid		(7.4)	(9.2)	(16.1)
Finance costs paid - finance leases		(3.1)	(3.0)	(6.0)
Tax paid		(6.8)	(1.4)	(16.3)
Net cash inflow from operating activities		**80.2**	**84.8**	**64.6**
Cash flows from investing activities				
Purchase of property, plant and equipment and own use vehicles		(8.0)	(6.7)	(14.1)
Purchase of intangibles		(1.2)	(1.9)	(3.3)
Finance lease rentals collected		1.0	1.8	2.9
Proceeds from disposal of property, plant and equipment		29.4	3.3	11.8
Net cash inflow/(outflow) from investing activities		**21.2**	**(3.5)**	**(2.7)**
Cash flows from financing activities				
Receipt of funding advanced for vehicle leasing arrangements	8	41.2	45.3	58.5
Repayment of funding advanced for vehicle leasing arrangements	8	(47.2)	(46.9)	(62.3)
Repayment of loans	8	(0.4)	(0.6)	(1.2)
Draw down on RCF	8	-	0.1	35.1
Repayment on RCF	8	(12.5)	(113.1)	(181.5)
Repayment of lease liabilities	8	(7.6)	(8.4)	(16.4)
Dividends paid	4	(9.8)	-	-
Net cash outflow from financing activities		**(36.3)**	**(123.6)**	**(167.8)**
Increase/(decrease) in cash and cash equivalents		65.1	(42.3)	(105.9)
Cash and cash equivalents at 1 January		21.3	127.2	127.2
Cash and cash equivalents at 30 June/31 December		**86.4**	**84.9**	**21.3**

Analysis of cash and cash equivalents				
Cash and cash equivalents		153.8	147.5	103.9
Bank overdraft		(67.4)	(62.6)	(82.6)
Cash and cash equivalents at 30 June/31 December		**86.4**	**84.9**	**21.3**

* See Note 1 for details.

Notes to the Financial Information

General information

Lookers plc is a public limited company incorporated in the United Kingdom under the Companies Act 2006, with registered number 111876 in England and Wales and a registered office of Lookers House, 3 Etchells Road, West Timperley, Altrincham, WA14 5XS.

Basis of preparation

These condensed consolidated interim financial statements for the 6 months to 30 June 2022 have been prepared in accordance with IAS 34 'Interim financial reporting' and also in accordance with the measurement and recognition principles of UK adopted international accounting standards. They do not include all of the information required for full annual financial statements and should be read in conjunction with the 2021 Annual Report and Accounts, which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK Adopted International Accounting Standards.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021 were approved by the Board of Directors on 5 April 2022 and have been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified. It did not contain any statement under section 498 of the Companies Act 2006.

The financial information for the periods ended 30 June 2022 and 30 June 2021 is unaudited but has been externally reviewed by BDO. The financial information for the year ended 31 December 2021 has been based on the audited financial statements for that year.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in the 2021 Annual Report & Accounts. Corporation tax in the interim periods is accrued using the estimated tax rate that would be applicable to expected total annual earnings.

Critical accounting estimates and judgements

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021. There have been no material revisions to either the nature or amount of estimates reported in prior periods. The Group has used up to date financial forecasts in considering its ability to continue as a going concern, and the carrying value of its goodwill balance.

Going concern

At 30 June 2022 the Group is in a net current liabilities position of £42.5m (31 December 2021: £71.5m, 30 June 2021: £68.2m). The Group has considerable financial resources together with long-standing relationships with OEMs and a good reputation within the motor-trade industry. In their consideration of going concern, the Board have considered the future prospects and performance of the Group, considering the Group's cash and liquidity position, current performance and outlook. The latter was subjected to various sensitivities and stress testing which assessed the potential future downside risks including, but not limited to: worsening supply restrictions caused by the Ukraine conflict or other macro-economic factors, reduced consumer demand due to the cost of living crisis, and increases to the Group's cost base due to inflationary pressures.

In June 2022, the Group agreed an amendment and extension to its revolving credit facility ("RCF"), with a refreshed banking club. The amended RCF is for an initial £100m and will expire on 30 September 2025. The facility is subject to quarterly covenant tests on leverage and interest cover. At 30 June 2022 £Nil was drawn down against this facility, giving the Group significant liquidity.

In view of the various sensitivities, additional stress testing, strong cash holding, and significant RCF headroom, the Board concludes that the Group has sufficient liquidity for at least 12 months from the date of this announcement and therefore that preparing the accounts on the basis of going concern is appropriate.

Alternative Performance Measures

The Group uses a number of Alternative Performance Measures (APMs) which are non-IFRS measures in establishing their financial performance. The Group believes the APMs provide useful, historical financial information to assist investors and other stakeholders to evaluate the performance of the business and are measures commonly used by certain investors for evaluating the performance of the Group. APMs should be considered in addition to IFRS measures and are not intended to be a substitute for IFRS measurements.

More details of the APMs and a reconciliation of the IFRS measures used in the Interim Report to those APMs used for KPI monitoring are including in Note 11.

Like-for-like is the collection of dealerships and other trading businesses that have both a full period of trading activity in the current and prior periods.

1. Restatement of prior period

During the year ended 31 December 2021, an exercise was undertaken to refine and improve the IFRS 16 calculation models. This exercise highlighted errors in the underlying calculations performed in the previous period which are summarised below:

- For property leases spanning both the transition to IFRS 16 and 30 June 2021, property lease rent reviews had been treated incorrectly. Instead of re-calculating the right of use asset and finance lease liability at the point at which the rent was increased, the right of use asset had been calculated as if the rent in place at the date of transition to IFRS 16 was payable from the beginning of the lease. As a consequence, at 30 June 2021, right of use assets were understated by £4.0m due to excess depreciation being recognised in previous periods. Correcting this error has increased right of use assets by £4.0m and increased profit for the period ended 30 June 2021 by £0.2m.
- Underlying lease calculations assumed that all lease payments were made quarterly in arrears. Correcting the calculations to reflect the contractual timing of payments has led to a decrease in the total lease liabilities of £2.2m as at 30 June 2021 and an increase in right of use assets of £0.2m. There was a decrease in the profit for the period ended 30 June 2021 of £0.3m.
- Previous calculations omitted some rent reviews and lease extensions. Correcting this error gave rise to a £2.6m increase in right of use assets and £2.8m increase in total lease liabilities as at 30 June 2021. There was no impact on profit for the period ended 30 June 2021.
- Advanced rental payments that were included within prepayments were not derecognised, as required, on transition to IFRS 16. Therefore, trade and other receivables have been reduced by £4.0m at 30 June 2021. There was no impact on profit for the period ended 30 June 2021.
- Omission of leases gave rise to an increase in right of use assets of £2.6m and total lease liabilities of £3.4m as at 30 June 2021. There was no impact on profit for the period ended 30 June 2021.
- Some lease disposals were omitted. Correcting for this error resulted in a decrease in right of use assets of £1.3m and a decrease in total lease liabilities of £1.6m as at 30 June 2021. There was no impact on profit for the period ended 30 June 2021.
- Upon serving notice to terminate leases or the vacation of properties, balances should have been modified for a reduction in lease term to the break date. Correcting this error has resulted in a decrease in right of use assets of £1.1m and a decrease in total lease liabilities of £1.5m as at 30 June 2021. There was an increase in profits for the period ended 30 June 2021 of £0.1m.
- As at 30 June 2021, correcting for a combination of other errors resulted in an increase in right of use assets of £1.4m, an increase in total lease liabilities of £2.2m and an increase in trade and other payables of £1.1m. There was a decrease in profit for the period ended 30 June 2021 of £0.3m.

The combined impact of the errors noted above on the Consolidated Statement of Financial position at 30 June 2021 is to increase right of use assets (£8.4m), decrease trade and other receivables (£4.0m), increase trade and other payables (£1.1m), increase current lease liabilities (£1.2m), increase non-current lease liabilities (£1.9m), and increase retained earnings (£0.2m). Overall, the adjustments decrease previously reported profit and total comprehensive income for the period ended 30 June 2021 by £0.3m. Whilst there is no overall impact on the Consolidated Statement of Cash Flows for the period ended 30 June 2021, the cash inflows from operating activities have increased by £1.3m, with an equal and opposite reduction in cash inflows from financing activities.

1a Condensed Statement of Total Comprehensive Income (restated)

For the period ended 30 June 2021

Group	As previously reported 30 June 2021 £m	Correction of errors £m	At 30 June 2021 (restated) £m
Revenue	**2,153.2**	**-**	**2,153.2**
Cost of sales	(1,895.6)	-	(1,895.6)
Gross profit	**257.6**	**-**	**257.6**
Net operating expenses	(194.0)	(0.2)	(194.2)
Operating profit	**63.6**	**(0.2)**	**63.4**
Underlying operating profit	63.2	(0.2)	63.0
Non-underlying items	0.4	-	0.4
Finance costs	(12.9)	(0.1)	(13.0)
Profit before taxation	**50.7**	**(0.3)**	**50.4**
Underlying profit before taxation	50.3	(0.3)	50.0
Non-underlying items	0.4	-	0.4
Tax charge	(26.0)	-	(26.0)
Profit for the period/year (attributable to shareholders of the company)	**24.7**	**(0.3)**	**24.4**
Exchange differences on translation of foreign operation (may be recycled to profit and loss)	(0.2)	-	(0.2)
Actuarial gains on pension scheme obligations (not recycled to profit and loss)	8.8	-	8.8
Deferred tax on pension scheme obligations (not recycled to profit and loss)	2.6	-	2.6
Total other comprehensive income for the period/year	**11.2**	**-**	**11.2**
Total comprehensive income for the period/year (attributable to shareholders of the company)	**35.9**	**(0.3)**	**35.6**
Earnings per share:			
Basic earnings per share (p)	6.33	(0.08)	6.25
Diluted earnings per share (p)	6.17	(0.07)	6.09

1b Condensed Statement of Financial Position (restated)

As at 30 June 2021

Group	As previously reported 30 June 2021 £m	Correction of errors £m	At 30 June 2021 (restated) £m
Non-current assets			
Goodwill	79.3	-	79.3
Intangible assets	108.9	-	108.9
Property, plant and equipment	399.1	-	399.1
Right of use assets	113.3	8.4	121.7
	700.6	**8.4**	**709.0**
Current assets			
Inventories	484.5	-	484.5
Trade and other receivables	152.7	(4.0)	148.7
Rental fleet vehicles	28.3	-	28.3
Cash and cash equivalents	147.5	-	147.5
Assets held for sale	11.1	-	11.1
	824.1	**(4.0)**	**820.1**
Total assets	**1,524.7**	**4.4**	**1,529.1**
Current liabilities			
Bank loans and overdrafts	63.7	-	63.7
Trade and other payables	796.5	1.1	797.6
Lease liabilities	19.0	1.2	20.2
Current tax payable	6.8	-	6.8
	886.0	**2.3**	**888.3**
Net current liabilities	**(61.9)**	**(6.3)**	**(68.2)**
Non-current liabilities			
Bank loans	50.8	-	50.8
Trade and other payables	36.9	-	36.9
Lease liabilities	120.2	1.9	122.1
Pension scheme obligations	65.0	-	65.0
Deferred tax liabilities	47.3	-	47.3
	320.2	**1.9**	**322.1**
Total liabilities	**1,206.2**	**4.2**	**1,210.4**
Net assets	**318.5**	**0.2**	**318.7**
Shareholders' equity			
Ordinary share capital	19.5	-	19.5
Share premium	78.4	-	78.4
Capital redemption reserve	15.1	-	15.1
Retained earnings	205.5	0.2	205.7
Total equity	**318.5**	**0.2**	**318.7**

1c Condensed Statement of Cash Flows (restated)

For the period ended 30 June 2021

	As previously reported 30 June 2021 £m	Correction of errors £m	At 30 June 2021 (restated) £m
Cash flows from operating activities			
Profit for the period	24.7	(0.3)	24.4
Tax charge	26.0	-	26.0
Depreciation of property, plant and equipment, rental fleet and right of use assets	23.1	0.5	23.6
Gain on disposal of property, plant and equipment	(0.4)	-	(0.4)
Gain on disposal of right of use asset associated with rental fleet assets	(0.9)	-	(0.9)
Amortisation of intangible assets	2.6	-	2.6
Share based compensation	0.2	-	0.2
Finance costs excluding pension related finance costs and debt issue costs	12.1	0.1	12.2
Debt issue costs	0.3	-	0.3
Difference between pension charge and cash contributions	(5.5)	-	(5.5)
Purchase of rental fleet vehicles	(6.8)	-	(6.8)
Purchase of right of use assets associated with rental fleet assets	(0.9)	-	(0.9)
Purchase of vehicles for long term leasing	(15.0)	-	(15.0)
Changes in inventories	184.8	-	184.8
Changes in receivables	(28.2)	-	(28.2)
Changes in payables	(119.1)	1.1	(118.0)
Cash generated from operations	**97.0**	**1.4**	**98.4**
Finance costs paid	(9.2)	-	(9.2)
Finance costs paid - finance leases	(2.9)	(0.1)	(3.0)
Tax paid	(1.4)	-	(1.4)
Net cash inflow from operating activities	**83.5**	**1.3**	**84.8**
Cash flows from investing activities			
Purchase of property, plant and equipment and own use vehicles	(6.7)	-	(6.7)
Purchase of intangibles	(1.9)	-	(1.9)
Finance lease rentals collected	1.8	-	1.8
Proceeds from disposal of property, plant and equipment	3.3	-	3.3
Net cash outflow from investing activities	**(3.5)**	**-**	**(3.5)**
Cash flows from financing activities			
Receipt of funding advanced for vehicle leasing arrangements	45.3	-	45.3
Repayment of funding advanced for vehicle leasing arrangements	(46.9)	-	(46.9)
Receipt/(repayment) of loans	(0.6)	-	(0.6)
Draw down on RCF	0.1	-	0.1
Repayment on RCF	(113.1)	-	(113.1)
Repayment of lease liabilities	(7.1)	(1.3)	(8.4)
Net cash outflow from financing activities	**(122.3)**	**(1.3)**	**(123.6)**
Decrease in cash and cash equivalents	(42.3)	-	(42.3)
Cash and cash equivalents at 1 January	127.2	-	127.2
Cash and cash equivalents at 30 June	**84.9**	**-**	**84.9**

2. Segmental reporting

	Unaudited six months ended 30 June 2022 £m	Mix*	Unaudited six months ended 30 June 2021 £m	Mix*	Audited year ended 31 December 2021 £m	Mix*
New cars	970.2	39.1%	1,027.5	43.5%	1,866.2	41.7%
Used cars	1,219.0	49.1%	1,044.8	44.2%	2,038.7	45.6%
Aftersales	230.1	9.3%	211.3	8.9%	429.2	9.6%
Leasing and other	64.6	2.6%	79.3	3.4%	136.9	3.1%
Less: intercompany	(253.9)	-	(209.7)	-	(420.3)	-
Revenue	**2,230.0**	**100%**	**2,153.2**	**100%**	**4,050.7**	**100%**

*Mix calculation excludes the effect of intercompany revenues.

3. Non-underlying items

Non-underlying items relate to costs or (incomes) which are not incurred in the normal course of business or due to their size, nature and irregularity are not included in the assessment of financial performance in order to reflect management's view of the core-trading performance of the Group.

The following details items of income and expenditure that the Group has classified as non-underlying in its statement of total comprehensive income.

	Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 £m	Audited year ended 31 December 2021 £m
Non-underlying items at operating profit			
1 - Gain on sale and leaseback	(6.0)	-	-
2 - Gain on property disposals	(0.1)	(0.4)	(2.4)
3 - Impairment of property, plant and equipment	0.4	-	0.7
3 - Impairment of right of use assets	1.2	-	1.2
3 - Other property exit and restructuring costs	1.8	-	0.6
Non-underlying items at operating profit	(2.7)	(0.4)	0.1

1 - In March 2022 the Group completed the sale and leaseback of its VW dealership in Battersea. The net gain on sale has been deemed non-underlying by its size and nature.
2 - Property disposals relate to the net gains on the sale of a number of freehold properties during the current and prior period/year. These items have been deemed non-underlying by nature.
3 - During the prior year a number of sites were exited as part of a Group-wide restructuring. This has continued into the current year where three further sites have been closed. Costs relating to site closure, restructuring and impairment losses have been recognised during the current and prior period/year. These items have been deemed non-underlying by irregularity.

The net cash inflow from operating activities associated with non-underlying items is £29.3m (2021: inflow £2.7m).

4. Dividends

Following approval at the Annual General Meeting a final dividend of £9.8m for the year ended 31 December 2021 was paid in June 2022 and represented a payment of 2.50p per ordinary share in issue at the time. An interim dividend of 1.00p per ordinary share has been declared by the Board but not recorded as a financial liability in these interim statements. The dividend will be paid on 25 November 2022 to those shareholders on the register on 21 October 2022. The shares will go ex-dividend on 20 October 2022 and the last date for elections to be made under the dividend reinvestment plan is 4 November 2022

5. Finance costs

	Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 (restated)* £m	Audited year ended 31 December 2021 £m
Finance costs:			
On revolving credit facility	(0.8)	(1.8)	(2.9)
On other bank borrowings	(0.3)	(0.7)	(0.4)
On consignment, repurchase vehicle liabilities and stocking loans	(5.2)	(5.7)	(10.7)
On vehicle rental finance liabilities	(1.1)	(1.0)	(2.1)
On lease liabilities	(3.1)	(3.0)	(6.0)
Debt issue costs	(0.7)	(0.3)	(1.1)
	(11.2)	(12.5)	(23.2)
Net pension costs:			
On defined benefit pension obligation	(2.8)	(2.2)	(4.3)
On pension scheme assets	2.4	1.7	3.4
	(0.4)	(0.5)	(0.9)
Finance costs	(11.6)	(13.0)	(24.1)

*See Note 1 for details

6. Earnings per share

	Unaudited six months ended 30 June 2022 £m	Unaudited six months ended 30 June 2021 (restated)* £m	Audited year ended 31 December 2021 £m
Earnings attributable to ordinary shareholders (£m)	40.4	24.4	61.2
Weighted average number of shares in issue	392,021,146	390,359,669	391,073,686
Basic earnings per share (p)	10.31	6.25	15.65
Earnings attributable to ordinary shareholders (£m)	40.4	24.4	61.2
Dilutive effect of share based payment options and weighted average number of shares in issue	396,603,368	400,487,107	393,466,275
Diluted earnings per share (p)	10.19	6.09	15.55
Profit before tax (£m)	49.9	50.4	90.0
Less: Non-underlying items (£m)	(2.7)	(0.4)	0.1
Underlying profit before tax (£m)	47.2	50.0	90.1
Underlying tax** (£m)	(9.3)	(25.9)	(28.5)
Change in UK tax rate (£m)	-	15.6	16.9
Underlying earnings attributable to ordinary shareholders (£m)	37.9	39.7	78.5
Weighted average number of shares in issue	392,021,146	390,359,669	391,073,686
Underlying basic earnings per share (p)	9.67	10.16	20.07

*See Note 1

** Underlying tax is calculated as the tax charge per condensed statement of total comprehensive income (£9.5m (2021: £26.0m)) less tax relating to non-underlying items (£0.2m (2021: £0.1m)).

7. Assets held for sale

Lower of carrying amount and fair value less cost to sell	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 £m	Audited 31 December 2021 £m
At 1 January	5.0	13.0	13.0
Net transfers from/(to) property, plant and equipment	0.3	0.4	(1.5)
Impairment charge	-	-	(0.1)
Disposals	(1.3)	(2.3)	(6.4)
At 30 June/31 December	4.0	11.1	5.0

All items included in the analysis above relate to properties held by the Group and have been transferred into assets held for sale following the cessation of trade at certain dealerships and the subsequent commencement of procedures to dispose of these vacant properties from the Group's portfolio. Properties held within assets held for sale are being actively marketed for disposal and there is an expectation that such properties will be disposed of within 12 months of the balance sheet date. Where necessary, provision for impairment to bring the assets carrying value in line with its estimated fair value less costs of disposal has been recorded whilst the assets were held within property, plant and equipment and prior to their subsequent transfer into assets held for sale.

During the period the total carrying amount disposed from held for sale amounted to £1.3m (2021 H1: £2.3m, 2021 FY: £6.4m). Total proceeds received amounted to £1.2m (2021 H1: £2.7m, 2021 FY: £8.6m) resulting in a loss on property disposals of £0.1m (2021 H1: gain of £0.4m, 2021 FY: gain of £2.2m). As a result of the restructuring events during the period certain properties were transferred from property, plant and equipment into assets held for sale and certain properties have been transferred from assets held for sale into property, plant and equipment following operational decisions not to dispose of such properties. In 2021, an impairment charge of £0.1m was incurred in respect of recording these properties at fair value less cost to sell.

8. Financial Instruments

Movement in financial liabilities	At 1 Jan 2021 £m	Net RCF movement £m	Loan repayment £m	Lease liability repayment £m	Lease interest repayment £m	Loan receipt £m	Non-cash movement £m	At 30 Jun 2021 £m
Other loans	9.5	-	(0.6)	-	-	-	-	8.9
RCF	158.4	(113.0)	-	-	-	-	(2.4)	43.0
Lease liabilities	145.5	-	-	(8.4)	(3.0)	-	8.2	142.3
Vehicle rental finance liabilities	87.9	-	(46.9)	-	-	45.3	-	86.3
	401.3	**(113.0)**	**(47.5)**	**(8.4)**	**(3.0)**	**45.3**	**5.8**	**280.5**
Cash and cash equivalents	(243.0)							(147.5)
Bank overdraft	115.8							62.6
Net debt/(funds) excluding lease and vehicle rental liabilities	**40.7**							**(33.0)**
Net debt including lease and vehicle rental liabilities	**274.1**							**195.6**

Movement in financial liabilities	At 1 Jan 2021 £m	Net RCF movement £m	Loan repayment £m	Lease liability repayment £m	Lease interest repayment £m	Loan receipt £m	Non-cash movement £m	At 31 Dec 2021 £m
Other loans	9.5	-	(1.2)	-	-	-	-	8.3
RCF	158.4	(146.4)	-	-	-	-	(2.0)	10.0
Lease liabilities	145.5	-	-	(16.4)	(6.0)	-	13.7	136.8
Vehicle rental finance liabilities	87.9	-	(62.3)	-	-	58.5	-	84.1
	401.3	**(146.4)**	**(63.5)**	**(16.4)**	**(6.0)**	**58.5**	**11.7**	**239.2**
Cash and cash equivalents	(243.0)							(103.9)
Bank overdraft	115.8							82.6
Net debt/(funds) excluding lease and vehicle rental liabilities	**40.7**							**(3.0)**
Net debt including lease and vehicle rental liabilities	**274.1**							**217.9**

Movement in financial liabilities	At 1 Jan 2022 £m	Net RCF movement £m	Loan repayment £m	Lease liability repayment £m	Lease interest repayment £m	Loan receipt £m	Non-cash movement £m	At 30 Jun 2022 £m
Other loans	8.3	-	(0.4)	-	-	-	-	7.9
RCF	10.0	(12.5)	-	-	-	-	2.5	-
Lease liabilities	136.8	-	-	(7.6)	(3.1)	-	20.8	146.9
Vehicle rental finance liabilities	84.1	-	(47.2)	-	-	41.2	-	78.1
	239.2	**(12.5)**	**(47.6)**	**(7.6)**	**(3.1)**	**41.2**	**23.3**	**232.9**
Cash and cash equivalents	(103.9)							(153.8)
Bank overdraft	82.6							67.4
Net funds excluding lease and vehicle rental liabilities	**(3.0)**							**(78.5)**
Net debt including lease and vehicle rental liabilities	**217.9**							**146.5**

Non-cash movements arise following the reclassification and amortisation of the Group's debt issue costs. Non-cash movements in relation to IFRS 16 relate to the recognition and de-recognition of lease liabilities, and the unwind of the accounting discount.

9. Subsequent events

There are no subsequent events to report.

10. Related parties

There have been no material changes to the Group’s principal subsidiaries as listed in the 2021 Annual Report & Accounts.

There have been no related party transactions in the period (2021: none).

11. Reconciliation of Alternative Performance Measures

The Group uses a number of Alternative Performance Measures (APM) which are non-IFRS measures in establishing their financial performance. Like-for-like is the collection of dealerships and other trading businesses that have both a full year of trading activity in the current year and prior year. The Group’s income statement identifies separately adjusted measures and non-underlying items. These adjusted measures reflect adjustments to IFRS measures. The Directors believe the APMs provide useful, historical financial information to assist investors and other stakeholders to evaluate the performance of the business and are measures commonly used by certain investors for evaluating the performance of the Group. Adjusted results are stated before exceptional items. Details of the definitions of APMs are made within the Glossary. A reconciliation of the statutory measures to the APM is set out below:

Like-for-like revenue	Unaudited 30 June 2022 £m	Unaudited 30 June 2021 (restated) £m	Audited 31 December 2021 £m
Revenue (£m)	**2,230.0**	**2,153.2**	**4,050.7**
Less: Non like-for-like revenue	(8.7)	(10.9)	(16.4)
Like-for-like revenue (£m)	**2,221.3**	**2,142.3**	**4,034.3**
Gross profit margin			
Revenue (£m)	**2,230.0**	**2,153.2**	**4,050.7**
Gross profit (£m)	**282.8**	**257.6**	**516.6**
Gross profit margin (%)	**12.7%**	**12.0%**	**12.8%**
Underlying operating profit			
Operating profit (£m)	**61.5**	**63.4**	**114.1**
Add: Non-underlying items (£m) - Note 3	(2.7)	(0.4)	0.1
Underlying operating profit (£m)	**58.8**	**63.0**	**114.2**
EBITDA and underlying EBITDA			
Operating profit (£m)	**61.5**	**63.4**	**114.1**
Add: Amortisation (£m)	2.4	2.6	5.0

Add: Depreciation (£m)	23.8	23.6	48.9
EBITDA (£m)	**87.7**	**89.6**	**168.0**
Add: Non-underlying items (£m) - Note 3	(2.7)	(0.4)	0.1
Underlying EBITDA (£m)	**85.0**	**89.2**	**168.1**

Underlying profit before tax and underlying basic EPS			
Profit before tax (£m)	**49.9**	**50.4**	**90.0**
Add: Non-underlying items (£m) - Note 3	(2.7)	(0.4)	0.1
Underlying profit before tax (£m)	**47.2**	**50.0**	**90.1**
Underlying tax (£m)	(9.3)	(25.9)	(28.5)
Change in UK tax rate (£m)	-	15.6	16.9
Underlying profit after tax (£m)	37.9	39.7	78.5
Weighted average number of shares in issue - Note 6	392,021,146	390,359,669	391,073,686
Underlying basic EPS (p)	**9.7**	**10.2**	**20.1**

Property portfolio and property portfolio by share			
Property, plant and equipment (£m)	**396.7**	**399.1**	**399.3**
Less: Other property, plant and equipment (£m)	(25.4)	(27.0)	(26.7)
Less: Motor vehicles (£m)	(75.9)	(68.2)	(69.1)
Property portfolio (£m)	**295.4**	**303.9**	**303.5**
Share capital at 30 June/31 December	392,236,341	390,475,317	391,887,909
Property portfolio per share (p)	**75.3**	**77.8**	**77.4**

Net funds excluding lease liabilities and rental vehicle finance liabilities			
Cash and cash equivalents (£m)	**153.8**	**147.5**	**103.9**
Less: Bank loans and overdrafts (£m)	(75.3)	(114.5)	(100.9)
Net funds (£m)	**78.5**	**33.0**	**3.0**

Property portfolio plus cash (£m)	**373.9**	**336.9**	**306.5**
Property portfolio plus cash per share (p)	**95.3**	**86.3**	**78.2**

12. Interim statement

Copies of this report and the last Annual Report and Accounts are available from the Company Secretary at the registered office of the company at Lookers House, 3 Etchells Road, West Timperley, Altrincham, WA14 5XS and can be viewed via the Group's website at www.lookersplc.com. Copies of this report have also been submitted to the UK Listing Authority and will shortly be available at the UK Listing Authority's Document Viewing Facility at 25 North Colonnade, Canary Wharf, London E14 5HS (Telephone +44 (0) 207 066 1000).

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- The interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting';
- The interim financial statements include a fair review of the information required by DTR 4.2.7R (identification of important events during the first six months and their impact on the condensed set of financial statements and description of principal risks and uncertainties for the remaining six months of the year); and
- The interim financial statements include a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and charges therein).

By order of the Board

Mark Raban
Chief Executive Officer
23 August 2022

Glossary of terms

Introduction

In the reporting of the financial statements, the Directors have adopted various Alternative Performance Measures (APMs) of financial performance, position or cash flows other than those defined or specified under International Financial Reporting Standards (IFRS). These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry. APMs should be considered in addition to IFRS measures and are not intended to be a substitute for IFRS measurements.

Purpose

The Directors believe that these APMs provide additional useful information on the underlying performance and position of the Group.

APMs are also used to enhance the comparability of information between reporting periods by adjusting for irregularity factors which affect IFRS measures, to aid the user in understanding the Group's performance.
Consequently, APMs are used by the Directors and management for performance analysis, planning, reporting and incentive setting purposes. The key APMs that the Group has focused on this period are as follows:

Performance measure	Definition	Why we measure it
Like-for-like (LFL)	These are calculated where dealerships have contributed twelve months of revenue and profit contribution in both the current and comparative periods presented.	To provide a consistent overview of comparative trading performance.
Gross profit margin	Gross profit as a percentage of revenue.	A measure of the significant revenue channels' operational performance
Non-underlying items	Relate to costs or incomes which are not incurred in the normal course of business or due to their size, nature and irregularity are not included in the assessment of financial performance in order to reflect management's view of the core-trading performance of the Group.	A key metric of the Group's non-underlying business performance.
Underlying operating profit	Operating profit before the impact of non-underlying items as defined above.	A key metric of the Group's underlying business performance.
Underlying profit before tax	Profit before tax before the impact of non-underlying items as defined above.	A key metric of the Group's underlying business performance.
Underlying profit after tax	Profit after tax before the impact of non-underlying items as defined above.	A key metric of the Group's underlying business performance.
Underlying basic earnings per share (EPS)	Earnings per share before the impact of non-underlying items as defined above, and the impact of tax rate changes.	A key metric of the Group's underlying business performance.
Net debt/funds	Bank loans and overdrafts less cash and cash equivalents. Lease liabilities, vehicle rental liabilities and stocking loans are not included in net debt.	A measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength.
Property portfolio	The net book value of freehold and leasehold properties as at the balance sheet date.	A key metric of the Group's statement of financial position.
New car unit sale	A new vehicle sale which has generated revenue for the Group.	A measure of statistical volumes and indicator of operational performance.
Used car unit sale	Any vehicle sold that is not a new car unit sale.	A measure of statistical volumes and indicator of operational performance.
New car market	Total number of annual new vehicle unit registrations made in the UK as defined by the Society of Motor Manufacturers and Traders (SMMT).	A measure of the UK market size and indicator for growth opportunities.
Order bank	New vehicle orders taken but not fulfilled (delivered).	A measure of statistical volumes and indicator of operational performance.