Zenith
Intelligent Vehicle Solutions

Navigating the road ahead, together

Zenith Automotive Holdings Ltd
Annual report and accounts 2024

We are Zenith. The UK's leading independent leasing, fleet management and vehicle outsourcing provider, serving businesses and consumers.

Working with all our stakeholders, we're committed to supporting the ZEV transition and delivering positive outcomes for all.

We're pleased to present our annual report, for the financial year ended 31 March 2024, and share with you the story of our year.

How to use this document

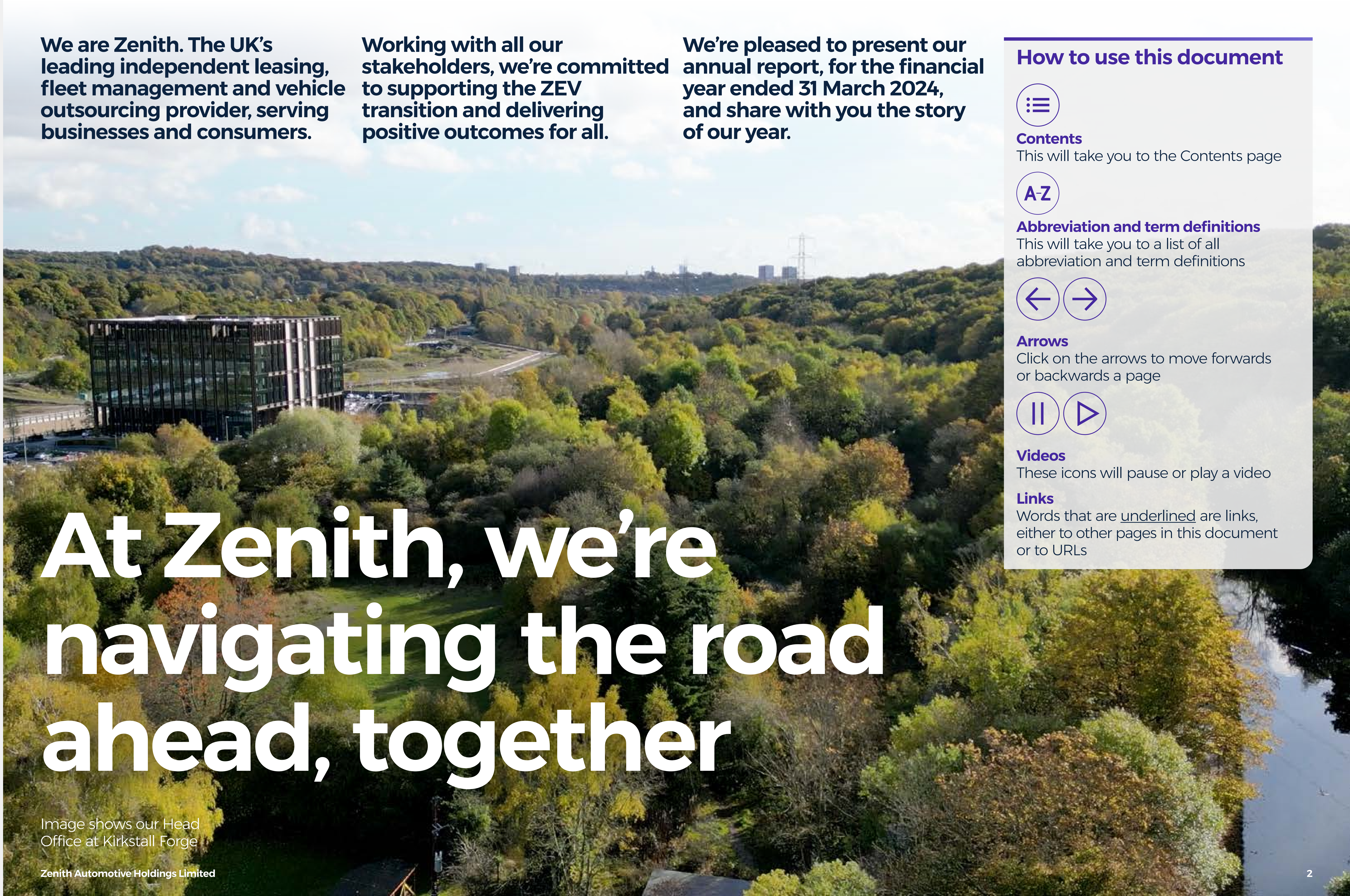
Contents
This will take you to the Contents page

Abbreviation and term definitions
This will take you to a list of all abbreviation and term definitions

Arrows
Click on the arrows to move forwards or backwards a page

Videos
These icons will pause or play a video

Links
Words that are underlined are links, either to other pages in this document or to URLs



At Zenith, we're navigating the road ahead, together

Image shows our Head Office at Kirkstall Forge

Contents

Overview

Group at a glance

Zenith in numbers[1]

Turnover
£788.4m

FY24	£788.4m
FY23	£679.0m[2]
FY22	£589.1m

Adjusted gross profit[1]
£134.4m

FY24	£134.4m
FY23	£147.0m
FY22	£136.2m

Adjusted EBITDA[1]
£62.1m

FY24	£62.1m
FY23	£79.4m
FY22	£74.7m

Liquidity[3]
£119.0m

FY24	£119.0m
FY23	£118.9m
FY22	£115.9m

Total fleet size
169,910

FY24	169,910
FY23	168,292
FY22	162,041

Total funded fleet size[4]
77,396

FY24	77,396
FY23	76,034
FY22	70,155

Total order bank[5]
6,921

FY24	6,921
FY23	12,015
FY22	13,395

BEV as % of Corporate and Consumer division funded fleet[4]
41%

FY24	41%
FY23	32%
FY22	19%

BEV as % of total Corporate and Consumer division funded fleet order bank[4]
44%

FY24	44%
FY23	47%
FY22	58%

Total number of employees
1,461

FY24	1,461
FY23	1,383
FY22	1,213

1. A comprehensive set of statutory and non-statutory performance measures are described in the Glossary from page 193 of this report.
2. Turnover for FY23 has been restated from £688.1 million to £679.0 million as a result of eliminating intercompany sales within the Commercial division. Cost of sales has also been reduced by the same amount resulting in no difference to gross profit at Group or divisional level. Further details can be found in note 27 of the financial statements.
3. Comprises cash that is freely available to the Group, combined with the £65 million Group's Revolving Credit Facility, which remained undrawn throughout the year. A further £31.0 million (FY23: £18.3 million) of cash is held within Special Purpose Vehicles associated with the securitisation facilities and not freely available for use by the Group.
4. See page 7 for further detail on how our fleet is structured.
5. Excluding managed fleet and vehicles in the Commercial division.

Group at a glance
(continued)

Our operating divisions enable us to address an overall target market of 15.9 million vehicles across a range of channels – reaching B2B, B2B2E and B2C markets – providing us with diverse income streams.

Our Corporate division

We deliver a wide range of services and solutions to ensure that our customers – which include some of the UK's largest blue-chip companies – receive the right blend of vehicles, tailored advice and exceptional service. As the sole supplier to many of our customers, we provide fully outsourced company-sponsored car, van and salary sacrifice schemes, and short-term rental vehicles, alongside a suite of ancillary services and products. Delivering all core services in-house, we're able to manage our customers' costs and experience to ensure their fleets perform at maximum efficiency.

Visit our Corporate section > page 55

Our Consumer division

Split into two businesses, ZenAuto and White Label, we deliver seamless car solutions to consumers. ZenAuto offers consumers a totally digital car leasing experience. Our proposition promises consumers flexible terms and a simple start-to-finish digital journey, all supported by a passionate customer service team. Through White Label Solutions, we offer outsourced leasing and fleet management services, leveraging our expertise to support automotive manufacturers/distributors and consumer finance partners.

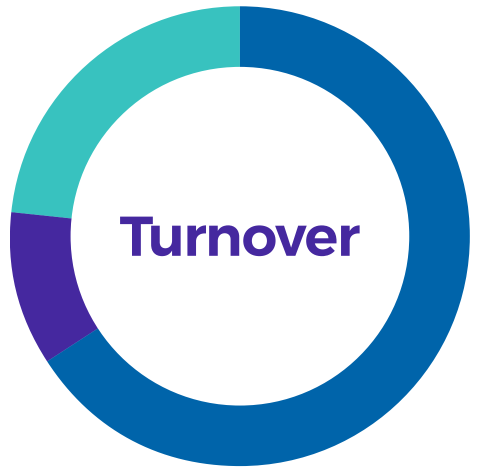
ZenAuto

Visit our Consumer section > page 60

Our Commercial division

We offer commercial fleet operators the most comprehensive range of mobility services in the UK market for LGVs, HGVs and trailers. Our services include fleet management, maintenance, funding, rental and flexible hire solutions. Trusted by some of the UK's largest grocery and parcel logistics companies, our experienced team use market-leading technology to deliver tailored solutions, optimising productivity and keeping our customers' fleets available, cost efficient and compliant 24/7/365.

Visit our Commercial section > page 71

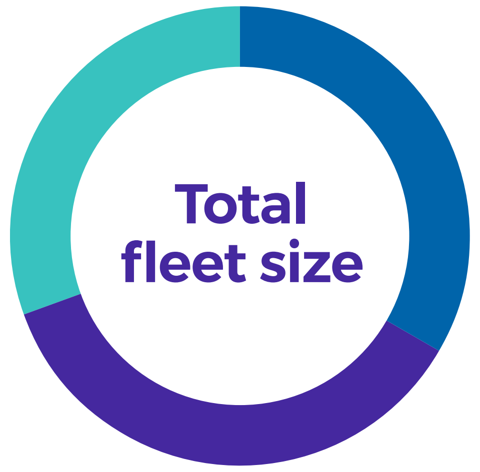


£788.4m

- Corporate division **£520.4m**
- Consumer division **£85.5m**
- Commercial division **£182.6m**

£134.4m

- Corporate division **£85.0m**
- Consumer division **£18.9m**
- Commercial division **£30.5m**



169,910

- Corporate division **56,795**
- Consumer division **61,389**
- Commercial division **51,726**

77,396

- Corporate division **51,212**
- Consumer division **9,238**
- Commercial division **16,946**

1. A comprehensive set of statutory and non-statutory performance measures are described in the Glossary from page 193 of this report.

Group at a glance
(continued)

Fleet overview

The road to a zero emissions future is a long and complex journey. Our approach is to drive decarbonisation at a sustainable pace, working with, and not against, the current external conditions.

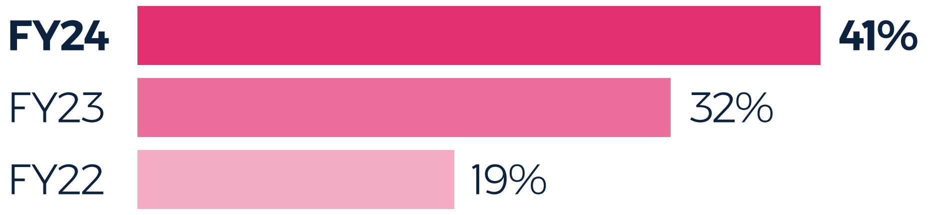
This year, we continued to support customers with their transition, and ended FY24 with a healthy balance of BEVs and ICE vehicles in our fleet. Take a look at our Group fleet in detail for the full story...

Divisional Fleet Statistics

	Number of vehicles			Funded fleet
	Funded	Managed	Total	% of total fleet
Corporate	51,212	5,583	56,795	90.2%
Consumer	9,238	52,151	61,389	15.0%
Commercial	16,946	34,780	51,726	32.8%
Group	**77,396**	**92,514**	**169,910**	**45.6%**

BEV as % of Corporate and Consumer division funded fleet[1]

41%



BEV as % of total Corporate and Consumer division funded fleet order bank[1]

44%

1. Excluding managed fleet and vehicles in the Commercial division.

Why Zenith?

We're proud of the incredible teams, products and services we've built over the last 35 years to serve our valued customers in the best way possible. We're proud to be Zenith.

One Zenith

We offer the full range of vehicle types, funding options and service solutions all under one name.

Quality of service

Our brilliant teams ensure the everyday runs smoothly and efficiently for our customers, whilst working to meet their goals and ambitions.

Independent ownership

Independent ownership and financing means we can be agnostic across vehicle make, powertrain and funder.

Powered by people

Our People Promise is central to our success – we continually invest in our people and their skills to support lifelong development, a thriving culture and peak performance.

Underpinned by technology

We continue to prioritise developing our technology to deliver a highly efficient, single and fully scalable, digital cloud-based multi-asset management platform.

Scalable and sustainable asset funding

The business has diverse, scalable and sustainable sources of funding, enabling us to grow and support our customers.

Annual report and accounts 2024

Overview

Strategic report

Our strategy in detail

Our strategy in action

Finance, governance and risk

Governance report

Financial statements

Strategic report

Our strategic report explores our strategy in detail and in action across the Group, along with a focus on the finance, governance and risk practices here at Zenith.

Our strategy in detail

Chair's foreword

Over the last year, we have continued to grow our fleet and win new customers amidst a difficult economic backdrop. Inflation, high interest rates and the global transition to BEVs has made for a challenging business environment but we have adapted; with expansion into new markets, the launch of new initiatives to offset the decline in used BEV prices and improved operational efficiencies. Along with the re-setting of BEV residual values, the significant liquidity and recently upsized securitisation facilities, we are well placed to take advantage of the opportunities ahead.

Lord Stuart Rose

Lord Stuart Rose
Chair

Highlights

Strategy continues to be underpinned by government policy

Balanced mix of BEVs (41%/25,000 vehicles) and ICE (59%/35,000 vehicles) in our Corporate and Consumer divisions

Balanced order book with 44% BEVs/56% ICE vehicles

Launch of BEV extension programme

Upsize to our EFP securitisation facility of £300m post year end[1]

Across the past year, persistent inflation and higher interest rates have had widespread implications for our industry and, in particular, used car prices.

Despite these challenges, Zenith has shown its resilience by maintaining a high level of liquidity, which at the end of the financial year was nearly £120 million, continuing to adapt to the difficult operating environment with initiatives such as the Project Volt BEV lease extension programme, and expanding its funding facilities after the year end with an upsizing in our securitisation facilities. In these circumstances, I am extremely proud of how Zenith has performed through this challenging period, and confident that the business remains well placed to continue to deliver its strategic objectives over the coming years.

1. £300m increase to EFP securitisation facility, with £150m committed and £150m uncommitted. Corresponding £50m reduction in FFL facility.

Chair's foreword
(continued)

Political and regulatory change

Our industry is directly impacted by the policies that govern the pathway to a zero emissions future. While the delay to the 2030 deadline was a disappointment to our sector, it was reassuring that the government demonstrated their commitment to net zero by providing formal clarification of the zero emissions vehicles (ZEV) mandate in September last year. While we have seen short-term disruption as manufacturers adapt to the new legislative requirements, the targets provide fleet operators with the clarity needed to establish their own ambitious electric vehicle (EV) transition goals.

Affordability remains an obstacle to the take up of leases by consumers, and for those on company-sponsored schemes, the benefit-in-kind (BiK) tax incentive remains a crucial driver for those considering the switch to electric vehicles. As a result, demand for EVs across fleets and salary sacrifice schemes remains robust, but we know more needs to be done in the retail market to support the transition.

Finally, the postponement of the Rules of Origin requirements[1] was an important victory for the industry. We took the decision to express our concerns around this piece of legislation in a letter to government, and I am both reassured and pleased that our comments were reflected in the outcome.

This will undoubtedly help to protect the competitiveness of the automotive sectors in both the EU and UK. The industry must now use this extended period to come together and work towards improving the UK's supply chain ahead of the new deadline of 2027.

> "I am extremely proud of how Zenith has performed through this challenging period, and confident that the business remains well placed to continue to deliver its strategic objectives over the coming years."

A sustainable approach

As a major player in a sector which is one of the largest contributors to greenhouse gas (GHG) emissions, we're proud of our vision to decarbonise the UK's vehicle parc and have invested time, energy and finances into making good progress on this long and complex journey. Let's not forget, we are navigating a powertrain shift after 75 years of ICE vehicles, representing one of the most dynamic times in the industry's history.

Adapting to this change will take time and inevitably bring challenges, with gradual adoption as confidence in new battery electric vehicle (BEV) technology increases. This steady rate of transition is reflected in our fleet composition, which represents a relatively balanced position, comprising 41%, or 25,000 of our 60,000 Corporate and Consumer divisions' funded fleet, which will provide some stability as the market for BEVs matures over the coming years.

Outlook

While the environment for used vehicle prices remains complex and consumer confidence remains weak, we anticipate lower interest rates, and the tailwind of government support should encourage shifts in the macroeconomic backdrop.

Looking ahead, we continue to take a cautious approach in the near term. We remain confident that our ability to adapt and the actions we're taking, combined with the liquidity we maintain, our diverse business model and composition of our fleet, means we are well equipped to weather the current challenges and to capitalise on the emerging opportunities.

Lord Stuart Rose
Chair

1. Rules of Origin dictate that a certain percentage of a vehicle's components must be sourced from within a specific region or country for the vehicle to qualify for trade benefits or tariff reductions under that jurisdiction's trade agreements.

CEO's statement

The way we have navigated the economic and legislative challenges of the last year has demonstrated the strength of Zenith's diversified offering and innovative approach. We've adapted to the changing environment, improved our existing services and developed new propositions to expand our reach, ensuring Zenith has multiple growth levers for the future.

Tim Buchan

Tim Buchan
Chief Executive Officer

Q: How would you describe Zenith's performance in FY24?

Given the external environment we're operating in, I'm very proud of what the Zenith team have achieved. I also think it's important to acknowledge that the automotive sector is going through a historic transformation to ZEVs, which ultimately will reduce carbon emissions, so it's no surprise that it's complex to navigate.

It's been another challenging year with inflation driving up operating costs, weaker consumer demand contributing to a decline in used car prices, and volatility in used battery electric vehicle (BEV) sale prices. These factors, in particular the decline in used BEV sale prices, led to a reduction in our Adjusted EBITDA for FY24.

We've tackled these challenges head-on by broadening our channels to attract a wider market, making leasing solutions available to smaller businesses with our business contract hire (BCH) proposition.

Our breadth of operations help us to weather these challenges, and our independence enables us to diversify both our vehicle manufacturer and funding options. While we've seen growth in our BEV fleet over the last few years, the overall funded fleet remains relatively balanced, with 41% (25,000) of the cars and vans in our Corporate and Consumer divisions being BEV, with a similar share – 44% – in the order bank.

We've also continued investing in our transformation programme, moving towards one single digital platform to provide a seamless customer experience and achieve more operational efficiencies.

Subsequent to the year end, we achieved another important milestone, with an increase in our securitisation facilities which will enable us to fund the future growth in our fleet, and has been completed against a difficult backdrop.

"It's fair to say these have been exceptional times, and these results are testament to the people who make this business what it is."

CEO's statement
(continued)

It's fair to say these have been exceptional times, and these results are testament to the people who make this business what it is. The team never fails to impress me; they understand the industry, they appreciate the ups and downs, and they demonstrate incredible agility in adapting to the challenges in the market and finding solutions to customer issues.

Q: What do you think have been the biggest challenges for our industry?

One of the biggest challenges for the industry has been dealing with a lack of clarity surrounding BEVs and adoption as used cars. While the government's decision last September to delay the ban on new diesel and petrol cars from 2030 to 2035 will have little impact on the plans and progress of those within the supply chain, it significantly affects consumer confidence and slows down the momentum.

Consumer demand has also been impacted by the turbulent economic climate, with big-ticket purchases on hold for many as inflation and high interest rates continue to put pressure on us all. Here at Zenith, we have continued to support our colleagues by investing in their pay, helping to ease some of those inflationary pressures on household budgets, but also ensuring we have continuity in our teams to enable us to deliver high levels of service to our customers.

Another challenge this year has been weaker demand for used BEVs, and the resulting fall in prices. To mitigate the anticipated impact of this, we launched an initiative – Project Volt – to extend the leases on our BEVs with existing drivers. This enables us to continue the lease into the period where the vehicle has lower depreciation, captures additional lease rentals and defers the sale of the vehicle to the future. It also benefits the driver, providing them with a lower monthly rental than otherwise would be the case on a new vehicle.

While the external environment appears tough at the moment, if I look at our markets overall, the tailwind of government initiatives, the inevitable trend towards BEVs, and our diverse offering across our addressable markets, I am confident that these structural drivers position us well to take advantage of the improvement in the macro environment when it returns.

Q: How do you think Zenith is adding value to its customers?

In this current environment, everyone wants to feel they are getting real value. Reflecting on our relationships with both long-term partners and newer customers at Zenith, much of the success is based on listening to and understanding what real value means to them.

One of the key areas where we add value is our customer service. We've spent a great deal of time reviewing and restructuring our teams, post Covid, to make sure we can adapt to changing customer needs. Whether it's a driver needing assistance after an accident, or a fleet manager looking to improve their carbon emissions, they can get the support immediately. This year, we've invested in these frontline teams, bringing in new people and increasing training. The impact is evident in our customer feedback and Trustpilot scores. We view this as an ongoing effort, as we constantly seek to improve and find better ways to serve our customers.

We've grown our fleet of mobile service units (MSUs), due to increased demand for on-site maintenance from our commercial customers. This not only reduces the time off-road by eliminating the need to drive individual vehicles to a workshop, but it also helps lower the environmental impact. In the last 12 months, we've expanded the team, with plans for further growth in the coming year.

We're also adding value with our technology. Our online platform, Miles, live in ZenAuto and throughout our Commercial division, is currently being rolled out to all our salary sacrifice customers in the Corporate division. The system brings a host of benefits, including better digital user experience, more self-service options for customers, and when the roll-out is concluded, will bring a number of improvements to our ways of working and enhance productivity.

Finally, it's worth highlighting the work we do to support our industry. We collaborated with the government to address some of the key issues affecting our customers and partnered with organisations like the British Vehicle Renting and Leasing Association (BVRLA) to ensure the voice of the industry is heard in Westminster. Additionally, we've invested in our own research with our annual EVXperience Report. This report allows us to gauge how drivers are feeling, understand what they love and what they find challenging about EV driving, and share these insights with our customers and the wider sector. One insight we identified was the Driveway Divide, which highlighted the discrepancies between those who can charge at home and those who can't. This knowledge feeds back into our business and helps drive our next steps, including working with industry bodies to lobby for reduced tax on public charging.

CEO's statement
(continued)

Highlights

Growing the Corporate funded fleet by 8%[1] and the Commercial total fleet by 9%

Progressing our transformation programme

Investing in our frontline teams

Mitigating risk with our BEV extension initiative

Supporting the industry with insights from our EVXperience Report

Receiving external recognition for our apprenticeship and ED&I programme

Q: What are you most proud of from the last financial year?

Our resilience. Throughout all of the challenges, we've remained focused on doing the right thing by our customers, colleagues and stakeholders, and delivering new solutions.

When consumer demand started to fall across our Consumer division, we remained focused on our partnerships. In addition to extending our contract for a white label solution with Santander for three years, we have won a new contract with a major high street bank to provide a BEV personal contract hire solution for their consumers, which we're piloting, ahead of a full launch later this year.

Our technology transformation programme has been complex, as any sort of change is, but our teams are committed to the transition and we will increasingly realise the benefits of the new systems, ensuring our business provides a seamless, digital experience for both our customers and colleagues.

I'm proud of the way we enhanced our ESG activities and the progress we've made on our Impact plan, setting out clear and transparent goals to reduce our impact on the environment, while increasing the positive impact we have on the communities around us. We've completed the spend on the Green Bond, delivered Carbon Literacy training to 77% of our senior leaders, we've made good progress in our female and ethnicity representation, and we've closed our gender pay gap by 4% on the previous year (mean average).

Likewise, it's been great to see external recognition for some of our people team initiatives over the past year, with awards won for both our Apprenticeship and our Equity, Diversity and Inclusion (ED&I) programme. As part of our investment in our people, we're committed to supporting the next generation of talent, providing opportunities for lifelong learning, and creating a working environment which values difference and represents the customers and communities we serve.

Overall, I'm incredibly proud of the people we have at Zenith. They are the heart of our business, and every day I witness remarkable examples of their dedication.

1. Includes both cars and vans in the Corporate fleet.

Market opportunity

1 2

Within our target market, the UK vehicle parc, our addressable market represents the range of vehicle types we offer, predominantly new and first used cars, LCVs, HGVs and trailers. Within our addressable market, we have six key drivers.

41.4m[1]
Total UK vehicle parc

15.9m[2]
Zenith addressable market

The remainder comprises of used vehicles on the third or more cycle of ownership, Motability Scheme vehicles and other corporate and commercial vehicles in the SME or public sector segments.

1. SMMT
2. Zenith analysis

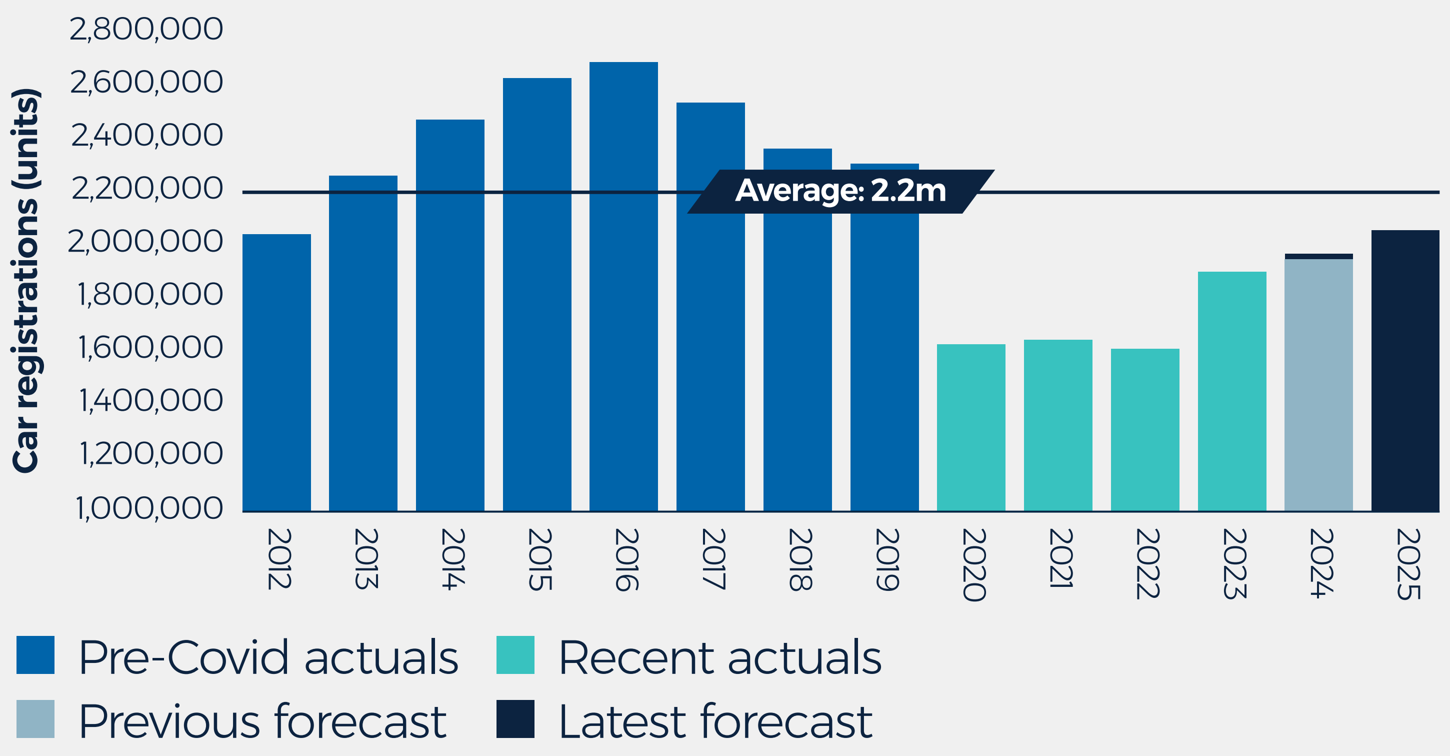
Our key drivers

1 Growth in car registrations and shortage in availability of used cars

17.9%
increase in car registrations in 2023 YOY[1]

The majority of our car leasing activity relates to new vehicles, and therefore the level of new vehicle registrations represents a key driver of our business.

Volumes of new vehicle registrations have been lower than the long-run average over the last four years due to several factors, including the impact of inflation on cost of living and disposable income, along with supply shortages and logistics constraints following Covid. However, volumes recovered in 2023 and early 2024, and are projected to continue to rise towards the long-term average[1]. The shortage of supply has affected the used car market as this cohort of vehicles ages, reducing the supply of used vehicles.



Source: SMMT. Forecast as at May 2024.

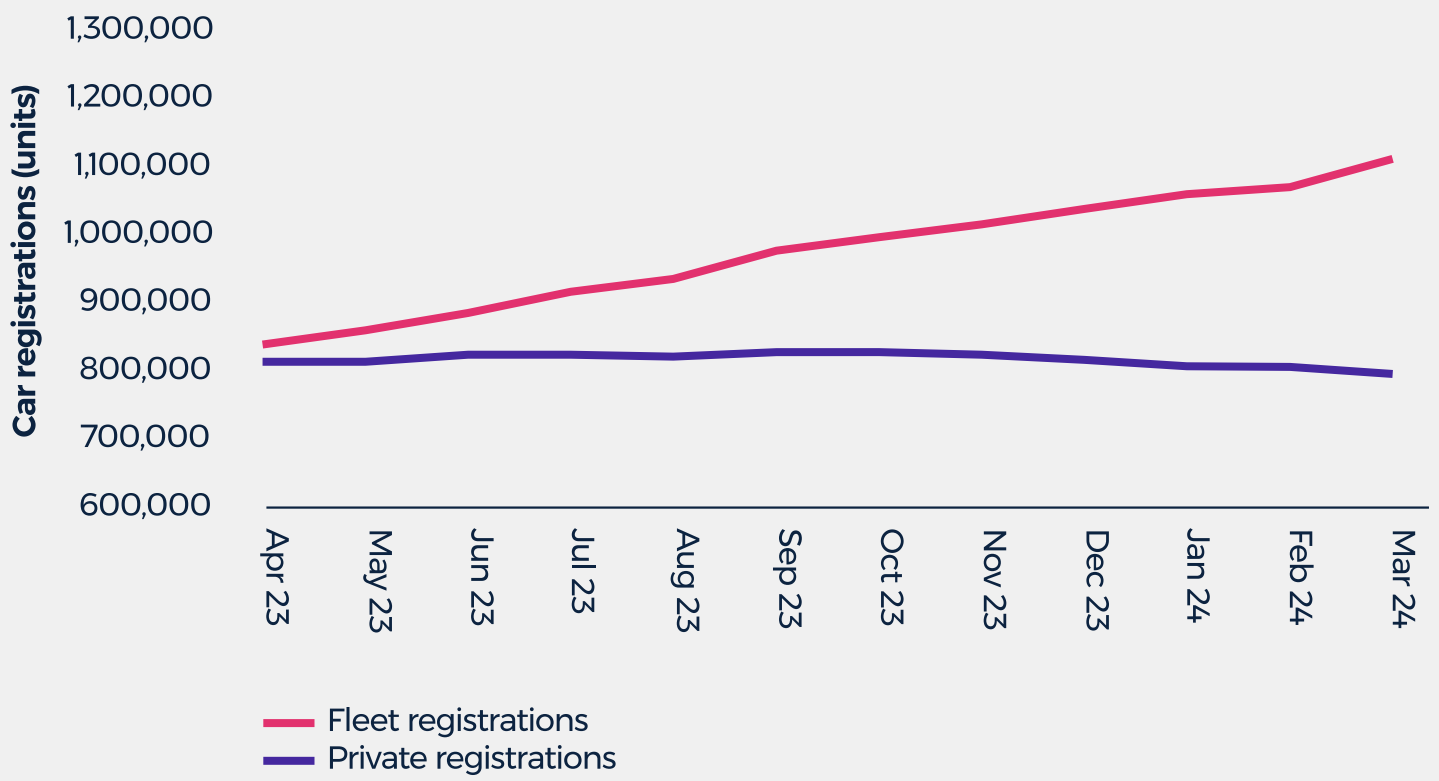
2 Trend from ownership to usership

57%
Fleet market share of registrations +6.7 ppts YOY[1]

Fleet registrations grew by 31% in the 12 months to March 2024, compared to a decline in private registrations of 2% for the same period[1]. This reflects a continuing trend towards usership and the popularity of salary sacrifice schemes, where drivers lease or rent a vehicle, rather than buying the vehicle outright.

Fleet registrations reached 57% of all registrations in March 2024, up from 50% in March 2023. This shift towards subscription or usership rather than ownership, reflects a trend seen across many other sectors of the economy.

Private and fleet car registrations (TTM[1])



Figures on trailing 12 months basis to March 24.

Market opportunity
(continued)

Continuing government incentives 3

Low BEV tax rate until at least 2028

The BiK tax incentives, which reduce the rate of tax paid on battery electric vehicles (BEVs), were introduced to increase the adoption rate of BEVs. These incentives have driven a significant increase in BEVs registered to company sponsored schemes such as company car and salary sacrifice, and continue to provide a significant tailwind to fleet registrations. This low tax rate is expected to continue until 2028 at the earliest.

Battery electric vehicles 4

ZEV mandate sets a target of 100% of new cars and vans to be electric by 2035

The market for BEVs is continuing to mature and has recently experienced some volatility in pricing and volumes as car manufacturers adjust their production in response to changing economics. Given the tailwind of government policies, alternative technologies to the internal combustion engine are expected to mature and become dominant in the longer term.

Driven by BiK tax incentives and the increasing climate awareness of businesses and individuals, the number of BEVs has continued to grow, and in 2023, volumes of BEV registrations reached the highest level to date, both for cars and vans.

Climate awareness 5

29.1%

of all UK territorial GHG emissions were caused by domestic transport in 2023[1]

The vehicle market is the biggest contributor of GHG in the UK and our vision to decarbonise the UK vehicle parc places us at the forefront of plans to reduce emissions.

We are a key contributor to and enabler of many of our customers' own environment, social and governance (ESG) and sustainability strategies, with a significant number of our Corporate customers now having a zero emission/BEV-enabled policy, which in many cases were developed with our very own in-house consultancy team.

Ecommerce and delivery 6

7%

per annum expected growth for the Commercial division's key market until 2030[2]

Our Commercial division provides fleet management and leasing solutions to many parcel delivery companies, retail and supermarket customers, and therefore, the ecommerce, transportation and logistics markets are a key end market. The market captured by the Commercial division is expected to grow at 7% pa to 2030[2] with the fastest growth rates in our fleet management offering.

1. Department for Energy Security & Net Zero 2. Zenith estimate

Our business model

The unique combination of our strengths enables us to create sustainable value for our stakeholders.

1 2

Our strengths...

Our track record & independence

Diversity of our market segments

Our people

Our partner relationships

Our sustainable financing

combined with what we do...

Procurement

Vehicle procurement
Support customers throughout the vehicle procurement process, from specification and selection through to order and delivery.
(Corporate, Consumer, Commercial)

Short-term hire
Operating one of the largest third-party rental networks in the UK, we provide nationwide coverage for cars, vans and specialist vehicles to our Corporate customers.
(Corporate)

Consultancy
In-house consultancy team provide expert advice and analysis to optimise customer fleets from the very beginning in line with the customer's ambitions and commitments.
(Corporate, Commercial)

Contract pricing
During the set-up of each vehicle contract, the residual value of the vehicle at the end of the lease is assessed, and this provides an input to the pricing process.
(Commercial)

In life

Fleet management
Fleet management capabilities delivered by in-house expert teams, underpinned by market-leading technology and processes.
(Corporate, Consumer, Commercial)

Vehicle compliance
Ensure our customer fleets are fully compliant covering MOTs, services and inspections, including ancillary equipment systems.
(Corporate, Consumer, Commercial)

Driver services
Deliver a seamless customer experience to drivers through our exceptional customer service teams and driver technology stack.
(Corporate, Consumer, Commercial)

Accident management and ancillary services
Offer comprehensive year-round 24/7 support, from first notification of loss to getting vehicles back on the road as quickly as possible.
(Corporate, Commercial)

Maintenance and repair
Provide the full spectrum of services for all commercial vehicle types via over 100 MSUs, a network of third-party service agents and our Glasgow workshop.
(Commercial)

Trailer rental
Operate our trailer fleet from a national network of ten in-house depots, combined with our service and maintenance network.
(Commercial)

Continued consultancy support
Customers receive ongoing support to meet their fleet goals, including cost-saving opportunities, sustainability reviews and ZEV insights.
(Corporate, Commercial)

Fleet funding
Offer choice of funding solutions across the range of vehicle types from contract purchase to salary sacrifice.
(Corporate, Consumer, Commercial)

End of life

Remarketing
Vehicle disposal solution which covers the spectrum of vehicle management, movement and disposal services, on agency and principal basis.
(Corporate, Consumer, Commercial)

Lease extension
At the end of the lease, the customer can sometimes extend their lease on a formal or informal extension.
(Corporate, Consumer, Commercial)

Corporate
Consumer
Commercial

Our business model
(continued)

1 2

creates value for our stakeholders...

Customers
Supporting our customers to achieve their goals with tailored products and services delivered by our exceptional teams.

Our people
Providing a fair deal for all colleagues, with diversity and inclusion at the heart of everything we do.

The planet
Working towards our vision to decarbonise the UK vehicle parc and have a positive impact on our planet.

Communities
Supporting schools and the community to help the next generation and give back to those around us.

Investors
Delivering reliable income streams for our shareholders: contracted incomes, recurring incomes and scheduled incomes.

Supplier partners
Developing long-term strategic relationships with supplier partners that share our values and enable us to deliver the best outcomes for our customers.

Regulators
Engaging with regulators to ensure Zenith's voice and interests are heard on the regulatory issues that matter most.

Industry bodies and government
Strengthening our direct relationships and engagement with government by taking part in industry bodies.

measured by:

- Fleet growth
- Profit
- Employee engagement
- Customer satisfaction
- CO_2 emissions

Our investment case

Due to our leading position within the vehicle leasing industry, the breadth of services we provide and the diversity of our end markets, Zenith offers a strong investment case.

Unparalleled customer offering

Focus on customer service

The results of our continued focus on, and investment in, customer service is reflected in our market-leading Trustpilot scores.

ZenAuto: 4.8
Corporate: 4.0

Sole supplier to many of our customers

Many of our Corporate and Commercial customers trust us wholly with their fleet management and related services, providing strong levels of customer retention.

Sole supplier to many of our 250+ Corporate customers

Market-leading digital platform with proprietary portals

We are mid-way through an IT transformation, which is providing us with the ability to scale to one million vehicles and provide unparalleled customer functionality and analytical capability.

Customised, digital proprietary platform for scale

Independent funding approach

Through the utilisation of significant and varied third-party funding sources, we are able to provide a range of funding solutions to address our customers' needs.

£1.9bn of funding facilities

Reliable income streams

Visible and recurring income

The majority of our vehicle leases are contracted for three to four years (often longer in the Commercial division) and are frequently combined with service, maintenance and repair contracts, providing visibility over our income streams into the mid-term.

Over 60% of adjusted gross profit[1] is generated by contracted and scheduled income

Diversity of customer channels

We address a large and growing range of market segments including corporate (through our company car, salary sacrifice and rental solutions), commercial (through our LGV, HGV and trailer solutions) and consumer through our digital ZenAuto brand and White Label Solutions.

B2B, B2C and B2B2E

Consistent growth in income

Through the retention and organic growth of our customer portfolio and solutions, supplemented by targeted acquisitions, we have consistently grown our fleet and value to our shareholders.

16 out of last 18 years of consistent growth in income

Focus on "prime" customers

We target "prime" customers within our chosen markets as they require service intensive solutions, enabling us to sell ancillary services alongside lease and vehicle management contracts. This approach achieves a low level of default and delinquencies, and provides additional assurance over our income streams.

Low levels of delinquencies and defaults across the Group

1. CFO's Statement on page 80 for further details of income type.

Industry leading

Wealth of industry experience

2024 marks our 35th year in business, and over this time we have grown our brand to become the UK's largest independent leasing company.

Largest independent leasing company in the UK

Supporting the decarbonisation of the UK vehicle parc

We have made significant progress on our stated vision to decarbonise vehicle tailpipe emissions; a trend that will continue as BEVs become a growing share of the vehicle parc.

41%[2] (25,000 vehicles) of our funded fleet and 44%[2] of our order bank comprises BEVs[3]

Award-winning employer brand

Our People Promise ensures we foster a thriving and diverse culture, which enables us to attract, and retain, the best talent to deliver Zenith's strategy.

Won the Diversity and Inclusion award at the Yorkshire Post Excellence in Business Awards 2023 and a Princess Royal Training Award for our leading apprenticeship programme

2. Excluding managed fleet and commercial vehicles.
3. As at 31 March 2024.

Our strategy

The Zenith way – our values, purpose and vision

Our strategy forms the guiding principles that keep us on track as we navigate the road ahead, together with our stakeholders.

Our values

Innovative
By embracing change we grow as people, professionals and as a business.

Passionate
We believe in what we do and use our enthusiasm and courage to act with a clear purpose.

Agile
We're bold, we consider our thoughts and adapt to make it happen.

Proud
We're the best version of ourselves and Zenith – always.

Driven
Together, we aim high and reach our goals. We never underestimate what we can achieve.

Honest
We listen, understand, respect and speak openly to earn our colleagues' and customers' trust.

INNOVATIVE
PASSIONATE
AGILE
PROUD
DRIVEN
HONEST

Our purpose

To provide sustainable, innovative vehicle mobility solutions

Our vision

To decarbonise the UK vehicle parc by eliminating tailpipe emissions

"Our strategy is a key focal point for the business that guides and influences everything we do; it frames our decision-making at all levels in the organisation and helps us to remain focused on our stakeholder communities and on achieving our vision."

Martin Jenkins
CEO Zenith – Commercial Division and Group Strategy Director

Our strategy
(continued)

Each of our strategic pillars have been carefully considered to ensure we're delivering long-term value for our stakeholders, every mile along the way.

Our strategic pillars

Be the leader in our chosen markets

The breadth of our leasing, vehicle outsourcing and fleet management services, combined with expert teams delivering exceptional customer experiences and ongoing digital investment, means we're able to provide market-leading solutions and build longstanding relationships with our customers.

Our voice in the automotive industry positions us as a strategic partner for companies and a trusted provider for consumers, ensuring continuous growth and stability.

Operate sustainably

By creating roles that are designed for growth, working to sustain and develop scalable operations and always evolving our diverse proposition to adapt to the market, we're building a sustainable business for the future.

Always on the move, our drive and ambition shape a business that's fit for purpose and sustainable long-term success as we navigate the road ahead, together.

Grow a digitally relevant business

With a user-centric mindset, we're innovating to build a seamless, digital experience to meet the evolving needs of our customers, providing digital solutions that enable their fleet and business to grow.

We're also focused on developing easy to use, efficient systems for our people, so they can provide the best service for our customers.

Create the best employee experience

As we invest in creating brilliant teams, a thriving culture and a fair deal for all, our people are working hard to ensure we have high performance operations that deliver on our purpose and mission, whilst bringing value to our stakeholders.

That's why we strive to provide the best colleague experience – from a seamless, digital new starter process to preparing for retirement – we prioritise our people and help everybody fulfill their potential.

Make a positive impact on society

We aim to have the smallest possible impact on the planet, whilst making the biggest possible positive impact in our communities and society.

From reviewing our own operations to reduce emissions, to helping our customers transition to ZEVs, to supporting students with entering the world of work, we collaborate with our communities to make a real difference to the world around us.

Create value for our stakeholders

At the heart of everything we do, we build long-term environmental, social, ethical and economical sustainability through regular engagement with all our stakeholders – from our customers to investors and communities. We understand the needs of all our stakeholders and work to deliver value every day.

Stakeholder engagement

The Holding Board recognises the business' responsibility to engage with its stakeholders and has identified the following as Zenith's key ones. From our customers to our people, communities and investors we build long-term environmental, social, ethical and economic sustainability for all our stakeholders through regular engagement.

Our stakeholders:

- **Business customers**
- **Consumers**
- **Our people**
- **Investors**
- **The planet**
- **Communities**
- **Supplier partners**
- **Regulators**
- **Industry bodies and government**

To see how the Board considered our stakeholders in FY24, please view Section 172 on page 135.

Business customers

What's important

- Reliability
- Customer service
- Product range
- Solution design and life cycle management
- Decarbonisation of vehicles
- Information security and data privacy
- Selling practices and product definition

Why we engage

Understanding our business customers' requirements through regular and relevant engagement is key to providing the right products, services, digital journeys and customer support to meet their needs.

How we engage

- Weekly, monthly or quarterly progress meetings with our business customers.
- Maintaining dedicated customer relationship and fleet consultancy teams for existing customers.
- New business team to support prospective customers.
- Customer service teams available 24/7/365.

See our Corporate and Commercial sections for examples of how we've engaged in FY24.

Trustpilot
4.0 stars

Stakeholder engagement
(continued)

Consumer customers

What's important

- Treating them fairly
- Customer support and welfare
- Communication and problem resolution
- Selling practices and product labelling
- Product selection and life cycle management

Why we engage

We prioritise regular engagement with our consumer customers to ensure our products, website and customer support all meet their needs and provide good customer outcomes.

How we engage

- Dedicated customer service team available by phone, email and live chat five days a week.
- Monitoring and analysis of customer feedback from Trustpilot and net promoter score (NPS).
- Embedded the Financial Conduct Authority's (FCA) Consumer Duty in our ways of working.
- Established complaints process and root cause analysis.
- Industry studies and surveys undertaken by Zenith.

See our Consumer section for examples of how we've engaged in FY24.

Trustpilot
4.8 stars

Our people

What's important

- Training, development and career progression
- Creating roles with purpose – productive and scalable
- Thriving culture – equity, diversity and inclusion
- Wellbeing support, and health and safety
- Fair deal – competitive pay and reward
- Colleague experience – digital and personable
- Having inspiring leaders
- Climate change

Why we engage

We engage with our people to ensure they feel valued, supported and empowered to bring their true self to work. By engaging we're able to create a culture where everybody can thrive – embracing the Zenith values in everything we do – and meeting the needs of all our people.

How we engage

- Periodic Best Companies surveys for colleagues to respond anonymously and confidentially.
- ED&I programme.
- Town halls delivered by divisional CEOs and regular business updates to all colleagues.
- Employee forum with representation from all parts of Zenith.
- CEO monthly briefing calls with our senior leaders.
- Online Academy for training and requesting development opportunities.
- Transparent communication on annual pay award, pay frameworks and structures.
- Carbon Literacy training available to all colleagues.

See Our people section for examples of how we've engaged in FY24.

Stakeholder engagement
(continued)

Investors

What's important

- Business model resilience
- Systemic risk management
- Management of the legal and regulatory environment
- Transparent financial reporting
- Critical incident risk management
- Investing in a sustainability-driven business

Why we engage

We engage with our investors to provide updates on our strategy, performance and opportunities, to ensure our investors have a good understanding of our position and to enable us to access capital.

How we engage

- Our institutional equity investor, Bridgepoint, has representation on our Holding Board.
- Monthly or quarterly briefings on business strategy, activities and performance with employee shareholders.
- Quarterly results presentations and business updates to our bondholders and banking partners.
- Regular dialogue with our ratings agencies.
- Regular dialogue and updates to our fleet funders.
- Publish our financial year results and business highlights in our annual report.

The planet

What's important

- Climate change
- Local air pollution
- GHG emissions
- Deforestation
- Biodiversity and land use

Why we engage

Whether it's supporting our customers with the transition to electric to support our vision or collaborating with our supply chain partners to reduce their impact, we engage with our stakeholders to help preserve the planet.

How we engage

- Our newly launched People Powered Impact plan outlines our approach to supporting a healthy planet for future generations to enjoy.
- We have an established ESG committee that is responsible for designing and delivering our sustainability plan.
- Zenith maintains a climate risk register with clear processes to identify, manage and control any climate-related risks or opportunities.
- We carry out in-depth strategic reviews for our customers to reduce their fleet carbon emissions.

See Our sustainability agenda section for examples of how we've engaged in FY24.

Stakeholder engagement
(continued)

Communities

What's important

- Quality employment and career opportunities
- Giving back to the community
- Charitable fundraising
- Climate change
- Local air pollution
- Biodiversity and land use

Why we engage

We believe that the long-term success of our business is closely tied to the success of the communities in which we operate. Zenith engages with its local communities within the regions where we operate to create value through sustainable growth and provide employment and other support.

How we engage

- Zenith supports local schools and students with mentoring, interview skills and career days.
- Our colleagues volunteer and participate in community days led by local charities and councils.

See Our sustainability agenda section for examples of how we've engaged in FY24.

Supplier partners

What's important

- Supply chain management
- Sustainable procurement
- Product quality and safety
- Climate change

Why we engage

We engage with supplier partners that share our values to develop long-term strategic relationships. These partnerships enable us to provide an incredible customer experience and also help us to deliver our strategic objectives.

How we engage

- We have a dedicated procurement team that governs the tender process and our ongoing supply partner relationships.
- Departmental business owners are assigned for key supply partners.
- Monthly supplier governance and risk forum responsible for identifying and managing all third-party risk through the completion of pre-contractual due diligence, in-life monitoring and ongoing risk management.
- Procurement Manager with dedicated key performance indicators (KPIs) to enable the sustainability agenda with our supply chain.

See our Supply chain section for examples of how we've engaged in FY24.

Stakeholder engagement
(continued)

Regulators

What's important

Management of the legal and regulatory environments
Treating customers fairly
Selling practices and product labelling
Equity, diversity and inclusion commitments, along with employee wellbeing, health and safety
Information security and data privacy
Business model resilience
Climate change

Why we engage

We engage with regulatory consultations and business plans through feedback and comment. This helps to create an open dialogue and ensures that Zenith's voice and interests are heard on the regulatory issues that matter most.

How we engage

- We actively respond to regulatory consultations, discussion papers and annual business plans (specifically the FCA and Information Commissioner's Office).
- Dedicated and independent Group compliance team who ensure best practice across customer support, services, products and policies.
- Periodic regulatory returns and submissions via the FCA RegData platform.
- Active membership of regulatory working groups.
- Attendance at FCA training workshops on topics ranging from Consumer Duty to ESG matters.

See our Risk management section for examples of how we've engaged in FY24.

Industry bodies and government

What's important

Promoting the industry's interests
Decarbonisation of road transport
Product quality and safety
Equity, diversity and inclusion commitments, along with employee wellbeing, health and safety
Business model resilience
Management of the legal and regulatory environment

Why we engage

We are active members of industry bodies to ensure that we can influence in the areas that matter most to our business and the leasing industry. This in turn helps to strengthen our direct relationships and engagement with government, and deliver value for our customers.

How we engage

- Active member of trade body working groups and committees.
- Direct engagement with relevant government departments and MPs on critical issues for the leasing industry.
- Attendance at roundtable events to share knowledge and represent the needs of the industry.
- Zenith CEO sits on the Committee of Management for the BVRLA.
- Our Corporate and Consumer CEO chairs the BVRLA Leasing and Fleet Management Committee.

Key performance indicators

Our financial and non-financial KPIs are linked to our strategic goals, enabling us to navigate towards sustained growth and fulfill our vision.

Financial KPIs aligned to our strategic objectives

Adjusted gross profit[1]

£134.4m

Notes:
Total income, measured as turnover less cost of sales, which includes the cost of funds on vehicle fleet borrowings and the depreciation cost of vehicles in the funded fleet. Shown before impairment, the reassessment of residual values on the funded fleet and exceptional items.

Gross profit

£137.3m

Notes:
Total income, measured as turnover less cost of sales, which includes the cost of funds on vehicle fleet borrowings and the depreciation cost of vehicles in the funded fleet.

Adjusted EBITDA[1]

£62.1m

Notes:
Operating profit before depreciation of owned tangible fixed assets, amortisation of goodwill and intangible assets, impairment, the reassessment of residual values on the funded fleet and exceptional items (but after deducting finance costs and depreciation relating to vehicles leased to customers), as a proxy for cash profit before financing, tax and capital expenditure.

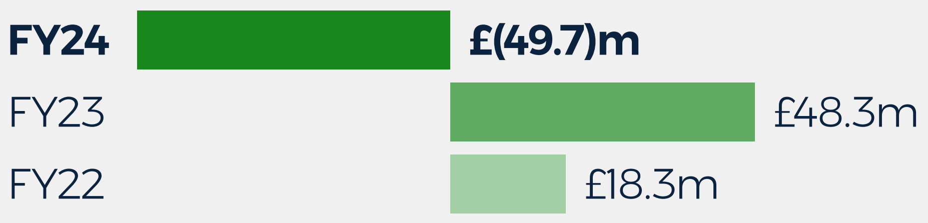
- Be the leader in our chosen markets
- Operate sustainably
- Grow a digitally-relevant business
- Create the best employee experience
- Make a positive impact on society
- Create value for our stakeholders

1. A comprehensive set of statutory and non-statutory performance measures are described in the Glossary from page 193 of this report.

Key performance indicators
(continued)

Financial KPIs aligned to our strategic objectives (continued)

Operating (loss)/profit
£(49.7)m



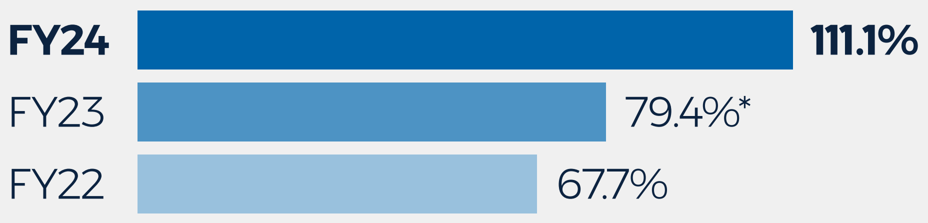
Notes:
Operating profit or loss is the result measured after depreciation, amortisation and impairment of tangible and intangible assets, but before non-fleet financing and tax.

Liquidity
£119.0m

Notes:
Comprises cash that is freely available to the Group, combined with the £65 million Group's Revolving Credit Facility, which remained undrawn throughout the year.

A further £31.0 million (FY23: £18.3 million) of cash is held within special purpose vehicles (SPVs) associated with the securitisation facilities and not freely available for use by the Group.

Cash conversion
111.1%



Notes:
Adjusted operating cash flow is net cash flow prior to interest service costs (on debt other than fleet funding), tax and capital expenditure (on items other than vehicle fleet). See Glossary for reconciliation to statutory measures.

*FY23 figure restated from 87.1% to 79.4%.

Be the leader in our chosen markets
Operate sustainably
Grow a digitally-relevant business
Create the best employee experience
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Create value for our stakeholders

1. A comprehensive set of statutory and non-statutory performance measures are described in the Glossary from page 193 of this report.

Key performance indicators
(continued)

Non-financial KPIs aligned to our strategic objectives

Customer experience

4.8/4.0 stars

Trustpilot

ZenAuto: Trustpilot 4.8 stars

Corporate: Trustpilot 4.0 stars

Commercial: 95.6% average vehicle uptime

Employee engagement

Rated "very good" to work for

Notes:
The Best Companies employee survey score, on a fixed scale of 0–1,000, based on independent, anonymous employee survey results.

Total fleet

169,910 units

	Funded fleet	Managed fleet
FY24	**77,396**	**92,514**
FY23	76,034	92,258
FY22	70,155	91,886

Our total fleet comprises:

- **Funded fleet:** Vehicles that we purchase and finance through one of our funding sources, for which we can then provide a variety of in-life and disposal services.
- **Managed fleet:** Vehicles that are financed and purchased by our customers rather than us, for which we manage some or all of the vehicles' in-life service requirements.

Direct emissions – tonnes CO_2 Equivalent per £1 million turnover[1]

3.49 tCO_2e/£1m

FY24	**3.49**
FY23[2]	4.64
FY22	7.78

Notes:
Intensity ratio reduced through a combination of revenue growth, decarbonisation of Zenith's own employee company car fleet and other efficiency programmes.

1 Scope 1 and Scope 2 emissions from fuel combustion and electricity usage.
2. We have restated the FY23 KPI due to a recalculation of our turnover for year ending 31 March 2023 and improvements in the data accuracy of our Scope 1 and 2 emissions.

BEV as % of Corporate and Consumer division funded fleet

41%

FY24	**41%**
FY23	32%
FY22	19%

Notes:
Percentage of total funded fleet (excluding commercial vehicles) that are BEV.

Be the leader in our chosen markets

Operate sustainably

Grow a digitally-relevant business

Create the best employee experience

Make a positive impact on society

Create value for our stakeholders

Our sustainability agenda

We're incredibly proud to have launched our new sustainability plan in FY24, *People Powered Impact*. This will enable us to collaborate with all our stakeholders to create positive, long-lasting change for the planet, people and society.

Mark Wilson

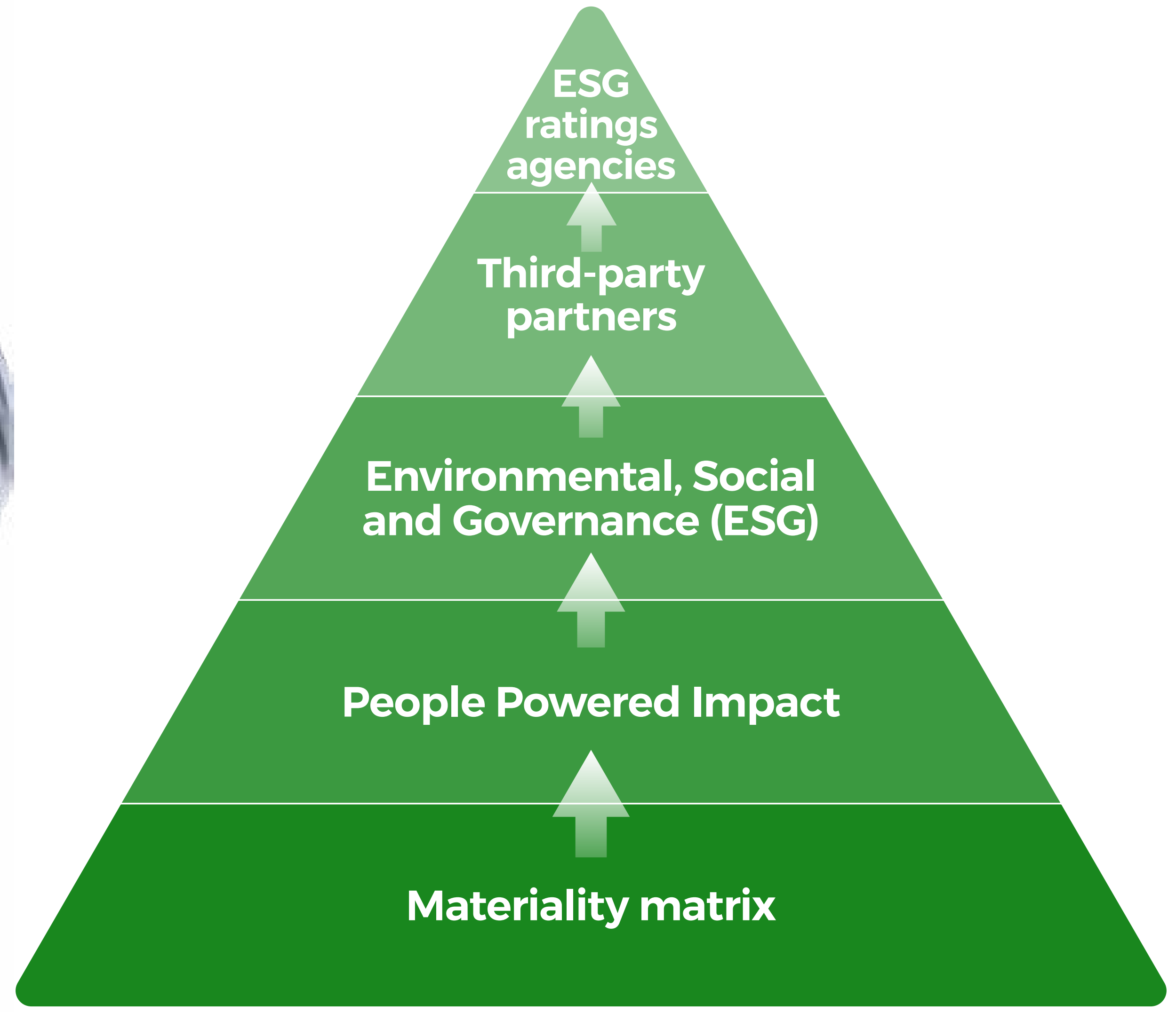
Mark Wilson
Sustainability Manager

Find out more
Explore our dedicated People Powered Impact hub to see our plan in detail and find out how we're staying on track with effective governance, risk management and much more.

Our sustainability framework

Before we set out the plan, it's important to highlight our sustainability framework which underpins our whole sustainability approach. Working through the five stages of the framework ensures we:

- understand our most critical issues to work on
- deliver a positive impact for the planet, people and society
- effectively and transparently track and report key information in a compliant manner
- use expert advice and auditing to stay on track and reach our targets
- receive independent third-party feedback and scoring by respected ratings agencies.



Highlights of the year

77%
of senior leaders undertook Carbon Literacy training

13%
reduction in our Scope 1 and 2 GHG emissions

SBTi
Net zero targets submitted

Our sustainability agenda
(continued)

Materiality matrix

At the core of our plan is a materiality matrix. Informed by the Sustainability Accounting Standards Board (SASB) materiality finder, the matrix includes a process of internal interviews, research and reviews overseen by our ESG Committee.

The findings enable us to focus our time and resources on the most critical sustainability issues for our business and stakeholders – helping us to prioritise the areas where we can deliver the most impact and ultimately forming our People Powered Impact plan.

People Powered Impact

This is our long-term sustainability approach to deliver a positive impact on our critical environmental, people and governance issues identified by the materiality matrix. The purpose of the plan is to work together to deliver projects, actions and initiatives that create real change, supported by measurable targets to track and monitor our progress.

Environmental, Social and Governance (ESG)

For Zenith, ESG refers to the regulations, international frameworks and standards, and reporting procedures that we comply with to ensure we're transparent with our progress. Our compliance with these voluntary and regulatory structures enables us to effectively track our progress, and helps to build trust with our stakeholders.

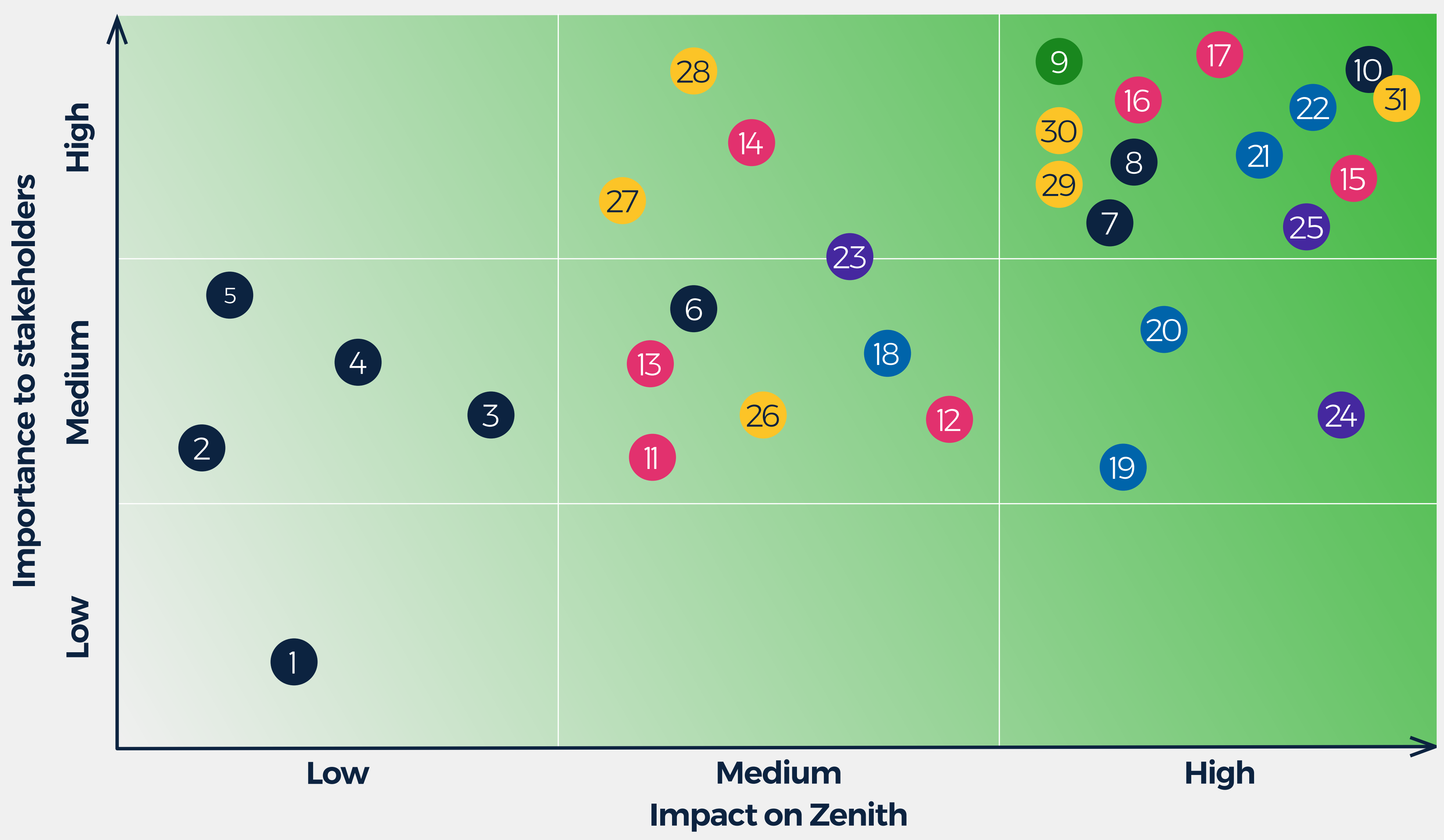
Third-party partners

We collaborate with a range of partners that provide oversight and guidance of our sustainability actions and ESG structure. This includes our owners, investors and external auditors who provide external advice, support and/or auditing for Zenith.

ESG ratings agencies

Zenith is committed to responding to independent ratings agencies. By doing so we help ourselves, and our stakeholders, to fairly and objectively assess our sustainability actions and ESG structures against those of our competitors, which helps to drive continuous improvement.

Zenith materiality matrix



Environment
1. Water management
2. Biodiversity
3. Waste management
4. Deforestation
5. Single-use plastic
6. Energy management
7. GHG emissions
8. Decarbonisation of vehicles
9. Sustainable procurement
10. Climate change

Social capital
11. Customer welfare
12. Access and affordability
13. Selling practices and product labelling
14. Human rights and modern slavery
15. Information security and customer privacy
16. Giving back to the community
17. Product quality and safety

Human capital
18. Employee health, safety and wellbeing
19. Employee engagement
20. Training and development
21. Equity, diversity and inclusion
22. Labour practices

Business model and innovation
23. Product design and lifestyle management
24. Supply chain management
25. Business model resilience

Leadership and governance
26. Systemic risk management
27. Competitive behaviour
28. Financial crime and business ethics
29. Management of the legal and regulatory environment
30. Critical incident risk management
31. Tax strategy

Our sustainability agenda
(continued)

Introducing People Powered Impact

As a business, we're aware of the role we play in making a positive impact on the world around us. Some of the most significant areas of concern include climate change, social inequality and unethical corporate practices. These are no longer problems for future generations; they are part of people's lived experience.

We're taking action. Our new plan will enable positive change across the complex and interrelated challenges facing society. We believe that together, we can build a secure and sustainable future for generations to come.

Our ambition...

To operate a net zero business that helps all stakeholders to achieve their full potential.

...is split into three focus areas where we will deliver a positive impact:

Planet

Vision: To operate as a net zero business – a better Zenith where we work together to help rebuild, strengthen and preserve the planet.

Culture

Vision: To create and promote a healthy work culture where difference is valued, inclusion is standard and everybody is empowered to be their true authentic self.

Community

Vision: To cultivate long-term partnerships with our stakeholders – driving regular people powered impact in our local communities, in all our partnerships and making a real difference as a business.

Within the three focus areas, there are ten positive commitments that we are driving towards:

1. To reach net zero for our own operations.
2. To enable customer fleet decarbonisation.
3. To lead a low-impact, circular supply chain.
4. To enhance biodiversity.
5. To build a diverse and inclusive workforce.
6. To provide colleagues with development to be the best they can be.
7. To deliver a safe and healthy workplace, free from exploitation and discrimination.
8. To support our communities.
9. To promote sustainable mobility.
10. To deliver good outcomes for all customers and help them to reach their goals.

Directly or indirectly, we will contribute to 13 of the United Nations Sustainable Development Goals:

Our sustainability agenda
(continued)

The journey so far

The last five years have seen measurable and meaningful impact, with just some of our key actions and milestones included in the timeline below.

2019–2024 milestones

2019

Planet

- EV100 Commitment made to transition our own colleague company car and salary sacrifice fleet to be 100% BEV by 2025 and the vehicles we procure for Corporate customers by 2030.

Community

- Between 2019 and 2020, we directly supported 115 local students through work-ready events.

Culture

- Investment in wellbeing with the introduction of an on-site GP at our Kirkstall Forge office two days a week and trained up our first cohort of 50 mental health first aiders.

2020

Planet

- Moved customer policies to be based on whole-life cost rather than monthly rental, allowing customers to accurately compare the costs of BEVs to petrol and diesel vehicles.

Community

- In FY20 we fundraised over £20,000 for our charity of the year, Plastic Oceans.

Culture

- Rolled out our Online Academy (LMS) bringing together all learning, be it face to face or virtual, in one place.

2021

Planet

- Certified as a carbon neutral organisation for the first time through the purchase of verified carbon credits, and re-certified each year moving forward.
- Committed to SBTi net zero business ambition for 1.5 degrees.

Community

- Throughout the pandemic, Zenith worked with the Department for Work and Pensions and launched the government-backed Kickstart scheme in 2021, offering opportunities to 16–24 year olds from our local community to build their careers in the automotive industry.

Culture

- Launched our People Promise.

2022

Planet

- Launched the industry's first green bond, pledging to spend at least £475 million on BEVs within two years.

Community

- Leading role in the successful #SeeTheBenefit campaign to keep BiK rates low until 2028, supporting the nation's transition to sustainable motoring.

Culture

- Launched our first ever Inclusion month held as part of our ED&I programme.

2023

Planet

- Green Parts Initiative rolled out to use recycled and refurbished vehicle parts.

Community

- Earned national recognition from HRH The Princess Royal, winning a Princess Royal Training Award for our leading apprenticeship programme.

Culture

- Won the prestigous Diversity and Inclusion Award at the Yorkshire Post Excellence in Business Awards.

2024

People Powered Impact plan launched

FY24 highlights

38,714 tCO_2e avoided annually by leasing BEVs under our Green Bond

MyGPS leadership training rolled out to enhance colleague development

50/50 gender split apprenticeship cohort with people of colour mirroring the UK customer demographic

See further highlights on the next page.

Our sustainability agenda
(continued)

A look into our FY24 highlights

Case study

Gearing up the next generation: Zenith's Early Careers Open Day

Objective
As part of National Apprenticeship Week 2024, we hosted Zenith's second Early Careers Open Day to inspire and educate local students on the benefits of apprenticeships. The event showcased our award-winning Early Careers programme and the diverse opportunities available, as we recruit our future leaders.

Impact
With department stalls, office tours and a demo of the Audi e-tron GT Vorspring Quattro, we put our usual Zenith spin on things and delivered an engaging, insightful event to help shape the future of our local students. Key highlights include:

- 90 students engaged across the day
- 6 local schools attended
- 12 department stalls
- 8 office tours for students.

Case study

Supporting carbon offsetting projects

Objective
We offset our direct Scope 1, Scope 2 and operational Scope 3 emissions across the Group. We fund carbon reduction, avoidance and sequestering projects in society, while providing resources in the developing world to reduce emissions.

Carbon offsetting is not the whole solution for an environmentally sustainable future; however, it is a vital step and also aligns with our strategy for having a positive impact on society.

Impact
We supported the following two projects in FY24:

Jaisalmer Wind Park – India
Located in the Jaisalmer district of Rajasthan, India, the project supports generating electricity via wind power, a clean and renewable energy source which requires no consumption of fossil fuels.

Avoided Deforestation and Peat Drainage Project – Indonesia
This project aims to protect and restore 149,800 hectares of vital Indonesian peatland ecosystem. The peatland provides sustainable sources of income to local communities, and, without this project, it would otherwise face conversion into industrial acacia plantations.

Case study

Embedding climate change knowledge and awareness into our culture

Objective
In FY23 we launched Carbon Literacy training to our Leadership Board and ESG Committee. At the end of FY24, we've now delivered the training to 77% of our senior leaders.

The training aims to create a low carbon culture, shaping citizens who understand the scale of the problem and feel empowered to take action. Attendees are able to become certified Carbon Literate individuals by committing to two GHG emission-reducing actions – an individual one and a group one.

Impact
- 100+ certified Carbon Literate individuals, with dozens more going through the certification process.
- Four colleagues progressed to being Carbon Literacy facilitators to deliver the training in their own right.
- An estimated 34 tCO_2e GHG emission reductions within colleagues' personal lives and 26 tCO_2e GHG emission reductions at Zenith on completion of all actions.

> Watch our Carbon Literacy training video to find out more.

Our sustainability agenda
(continued)

A spotlight on our emissions

We have now calculated our total GHG emissions, including all categories of our Scope 3 value chain emissions that sit within our boundary.

Developing our GHG emissions calculation and reporting is an important governance step, helping us to be more transparent around our footprint.

It also allows us to better track progress against our SBTi[1] net zero commitment and supports greater engagement with our customers and supplier partners on climate change and GHG reduction initiatives.

Scope descriptions

- **Scope 1:** Direct emissions from sources that are owned or controlled by Zenith included our sites and our own company car fleet
- **Scope 2:** The emissions from the production of energy we use
- **Scope 3:** Other indirect emissions from our upstream and downstream supply chain

For more detail see page 39

Emissions table[2]

Category	FY24	FY23[3]	% change
Scope 1 (tCO_2e)	**1,968**	**2,106**	**(6.56%)**
Scope 2 (tCO_2e)			
Market-based (tCO_2e)	567	845	(32.90%)
Location-based (tCO_2e)	785	1,044	(24.83%)
Scope 3 total (tCO_2e)	**567,323**	**601,586**	**(5.70%)**
Upstream total (tCO_2e)	**222,272**	**190,198**	**16.86%**
Purchased goods and services (tCO_2e)	74,633	43,548	71.38%
Capital goods (tCO_2e)	144,655	144,285	0.26%
Fuel-and-energy-related activities (not included in Scope 1 or 2) (tCO_2e)	684	738	(7.36%)
Waste generated in operations (tCO_2e)	736	590	24.83%
Business travel (tCO_2e)	95	152	(37.20%)
Employee commuting (tCO_2e)	1,468	886	65.71%
Downstream total (tCO_2e)	**345,051**	**411,388**	**(16.13%)**
Downstream transportation and distribution (tCO_2e)	3,485	3,012	15.69%
Downstream leased assets (tCO_2e)	341,566	408,376	(16.36%)
Total market-based GHG emissions (tCO_2e)	**569,857**	**604,537**	**(5.74%)**
Total location-based GHG emissions (tCO_2e)	**570,075**	**604,736**	**(5.73%)**
Total GHG emissions (Scope 1, 2 and 3) per employee (tCO_2e)	**390**	**453**	**(13.8%)**
Direct GHG emissions (Scope 1 and 2) per £1 million of turnover (tCO_2e)	**3.49**	**4.64**	**(24.70%)**
Total GHG emissions (Scope 1, 2 and 3) per £1 million of turnover (tCO_2e)	**723**	**891**	**(18.77%)**
SECR[4] – Scope 1 and 2 (kWh)	**5,167,784**	**6,100,168**	**(15.28%)**
SECR[4] – Scope 1 and 2 energy consumption and Scope 3 business car travel (kWh)	**5,300,192**	**6,214,280**	**(14.71%)**

1. Science Based Targets initiative.
2. Our FY24 emissions have been verified by Carbon Footprint Ltd in line with the International Standard ISO 14064-3: 2019 "Greenhouse gases: Specification with guidance for the verification and validation of greenhouse gas statements' to a limited assurance level".
3. We are restating our FY23 figures due to a recalculation of our turnover for year ending 31 March 2023, improvements in data accuracy of our Scope 1 and 2 emissions, and also completing our total Scope 3 value chain calculation in the last 12 months
4. Streamlined Energy And Carbon Reporting Regulation.

Our sustainability agenda
(continued)

By calculating our total GHG emissions, we were able to identify the three largest categories of our emissions: capital goods, purchased goods and service, plus downstream leased assets.

Capital goods

Findings
The embodied carbon produced when vehicles are manufactured by original equipment manufacturer (OEM) is one of the largest contributors to our Scope 3 GHG emissions. Currently very few manufacturers disclose this data, so for the purpose of calculating our emissions we have based our figures on the 2022 Government Report: *Lifecycle analysis of UK road vehicles*. To ensure our emission figures are accurate, we're working with the manufacturers to develop the accuracy of data and intend to use supplier-specific emissions figures when available.

Next steps
This element of our Scope 3 value chain emissions will be the most difficult to decarbonise as we have little influence over the vehicle manufacturers' processes and priorities. Having said that, over 82% of the vehicles that we purchased and delivered to customers in FY24 were from manufacturers that had either a validated SBTi target or an SBTi commitment. As such, they will have their own roadmaps and targets to reduce their GHG emissions, which will then subsequently reduce our Scope 3 Capital Goods emissions.

Once the manufacturers are universally reporting on the embodied carbon of their vehicles, we intend to provide this information to our customers as part of the sales and ordering process. This will enable our customers to order vehicles based on the total life cycle emissions, in addition to tailpipe, and make informed decisions with suitability in mind.

Purchased goods and services

Findings
The emissions produced during the maintenance and repair of our vehicles contribute significantly to our overall emissions. The activities completed by our supply chain within this Scope 3 category include tyres and glass repairs, and MOTs completed by our service, maintenance and repair (SMR) supplier partners.

Next steps
We've begun engaging our business-critical supplier partners to understand the maturity of their GHG emissions reporting and circular economy practices, starting with the Supplier Sustainability Survey in September 2023. We're committed to maturing our reporting and the accuracy of the information from our key supplier partners, working together for the best environmental outcomes.

Downstream leased assets

Findings
Once the vehicles are on the road and with our customers, the emissions produced during the in-life stage is another large contributor. Zenith is manufacturer agnostic and leases all vehicle types from cars to LCVs and HGVs, with some specialist vehicles too. We lease all fuel types, with a particular focus on supporting customers with their journey to net zero.

Next steps
Working towards our vision to decarbonise the UK vehicle parc by eliminating tailpipe emissions, we're helping our customers transition to BEV with seamless, cost-efficient fleet plans and expert support. As a result, emissions from our car fleet have reduced by 20% YOY. For further information on how we work with our customers to decarbonise their fleets, take a look at our Consultancy section.

Our net zero transition plan

In 2021, Zenith made a clear public commitment to achieve net zero GHG emissions by 2050 at the latest.

Scope descriptions

- **Scope 1:** Direct emissions from sources that are owned or controlled by Zenith included our sites and our own company car fleet
- **Scope 2:** The emissions from the production of energy we use
- **Scope 3:** Other indirect emissions from our upstream and downstream supply chain

Regulatory landscape:

Short term (to 2025)		Medium term (2025–2035)		Long term (2035–2050)
2024 Zero emission vehicle (ZEV) mandate comes into force, setting annual target percentages for sales of ZEVs for manufacturers.	**2024** UK Sustainability Disclosure Standards (UK SDS) decision on whether to endorse the International Financial Reporting Standards (IFRS) into UK legislation expected in July 2024.	**2027** EU Rules of Origin currently scheduled to take effect requiring at least 45% of electric vehicle parts to have originated from either the UK or EU, or face a 10% tariff, extended from January 2024. **2030** Zero emission vehicle (ZEV) mandate target of 80% of cars and 70% of vans sold by manufacturers must be zero emission.	**2035** UK Government ban on sales of new non-zero-emission vehicles up to and including 26t. **2035** UK Government target to reduce emissions by 78% compared to 1990 levels.	**2040** UK Government ban on sales of all new non-zero-emission HGVs above 26t. **2050** UK Government committed to achieve net zero emissions compared to 1990 levels.

Zenith commitments and actions:

Short term (to 2025)		Medium term (2025–2035)		Long term (2035–2050)
2024 Near-term and net zero carbon reduction targets, and supplier engagement target, submitted to SBTi in January 2024. Scope 1 Scope 2 **2024** Published our total Scope 3 value chain emissions. Scope 3	**2024** Achieved our pledge to spend £475m green bond proceeds on BEVs in Q1 FY24. Scope 3 **2025** Zenith EV100 Commitment for our own employee company car and salary sacrifice fleet to be 100% BEV (355 vehicles).[1] Scope 1 Scope 2	**2028** Target date for Zenith's supplier and customer engagement targets to be met (submitted to SBTi in January 2024).	**2030** By 2030, transition to procuring all ZEV cars and vans for our Corporate customers, dependent on customer preference and government policy. Scope 3 **2030** Target date to meet Zenith's carbon reduction targets (submitted to SBTI in January 2024).	**2050** Net zero target date for Zenith's Scope 1, 2 and 3 emissions. Scope 1 Scope 2 Scope 3

1. This commitment refers to Zenith's own company fleet, not its customers' fleets.

Annual report and accounts 2024

Our net zero transition plan
(continued)

A summary of our commitments

Scope 1

Direct emissions from sources that are owned or controlled by Zenith including our sites and our own company car fleet

- Switch our own colleague company car fleet to BEV only by 2025.
- Deliver Carbon Literacy training to all colleagues.
- Identify and deliver energy reduction initiatives such as colleague and operational behavioural change across our property estate.
- Continue campaigning through industry bodies, working groups and government engagement for policies that support decarbonisation of the automotive industry.

Scope 2

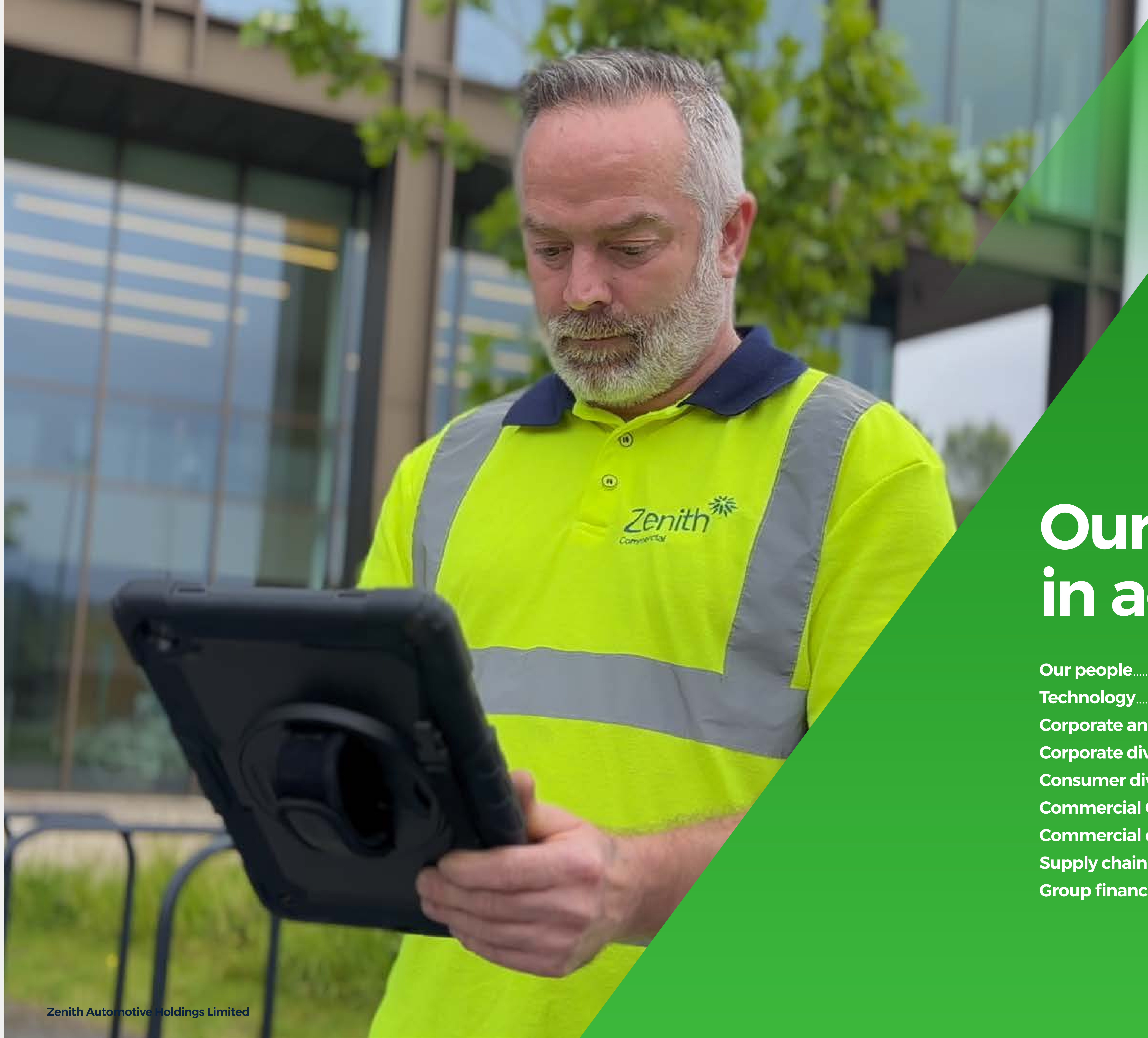
The emissions from the production of energy we use

- Deliver a net zero property estate through the procurement of 100% renewable energy.

Scope 3

Other indirect emissions from our upstream and downstream supply chain

- Support customers to reduce emissions from their fleets and transition to BEV.
- Identify opportunities to introduce alternative fuel vehicles within the heavy goods vehicles (HGV) fleets of our commercial customers, accelerating the decarbonisation of these fleets by moving away from petrol and diesel vehicles.
- Support our customers to transition to net zero in line with government policy.
- Support supply chain to net zero through regular engagement, information sharing and monitoring.
- Challenge our key supply chain partners to introduce circular economy practices, specifically regarding the safe recycling, re-use or disposal of EV batteries in the event of a vehicle total loss.
- Enhanced engagement with supplier partners to support continued improvement of our Scope 3 value chain emissions calculation and reporting.
- Wherever possible, repair and maintain vehicles using recycled parts rather than new.
- Partner with a supplier engagement provider, such as CDP or EcoVadis.
- Deliver Carbon Literacy training to key partners and stakeholders.
- Continue campaigning through industry bodies, working groups and government engagement for policies that support the decarbonisation of the automotive industry.



Our strategy in action

Our people

Whether it's investing in our people for lifelong development, creating careers to fit our modern lives or nurturing an environment where everyone can thrive, we're focused on delivering real value and support for our colleagues as we navigate a very tough external climate. See how we prioritise our people. Every. Single. Day.

Stuart Price

Stuart Price
Chief People Officer

Watch the interview

Q: What challenges have you had to navigate in FY24?

It's been a difficult year on a number of fronts, particularly for our colleagues, with three key areas we've had to navigate over the last 12 months. Firstly, the economic factors. Levels of inflation and subsequent cost-of-living pressures have negatively affected our people and our colleagues are struggling. This can give a perception, and in some cases a reality, that pay and benefits aren't going as far.

Secondly, we often forget that our sector is going through a powertrain transformation. We've had 75 years of the ICE and now we're transitioning customers to BEVs. While the transition is critical for decarbonisation, it massively changes the way our business operates. And, while it's really important that we make the transition, we need to do it in a sustainable way, taking our customers and colleagues on the journey with us.

Thirdly, we have the societal changes which continue post-Covid. People's roles at home are now really different, with more commitments, increased pressures and additional caring responsibilities. The expectations that colleagues have on us as an employer to support them and manage things like flexible working, is growing.

1.4%
increase in representation of under-represented ethnic groups at Group level YOY

32%
increase in training hours YOY

1 star
status maintained in Best Companies as a "very good" company to work for

4%
reduction in mean average gender pay gap YOY with one of the lowest pay gaps in the industry

20%
female representation on the Leadership Board

Our people
(continued)

2.9%
of colleagues undertaking apprenticeships

1.5%
increase in representation of young talent YOY*

*Young talent is defined as all colleagues under the age of 24.

Q: With these growing societal pressures, what steps are you taking to create roles that fit our modern lives?

One of the steps we took post-Covid was introducing agile working. While many organisations are now mandating people back into the office, I'm proud that we stayed true to the principles of our agile policy, which is a hybrid approach. The office plays a key role in collaboration, problem solving and creativity, but we also recognise working from home provides flexibility. It opens us up to a greater pool of talent and helps our people to work around both the needs of the business and their personal lives.

We're also investing in leadership capabilities. We're going through a great deal of transformational change with system re-platforming and other change programmes. So we're investing in the skills and capabilities of our leaders to manage through periods of change, which can be difficult. Our leaders need higher levels of resilience, and they need to be able to take customers, colleagues and all our stakeholders, through those change programmes.

We're also investing in career progression for colleagues. We've been through a period of accelerated growth over the last three years, and we've had to buy in a lot of external talent to meet those needs. But now, we're focused on internal progression and developing our colleagues with initiatives such as our internal careers fairs, and a new development tool called MyGPS.

We've also been digitising our new starter and onboarding processes. What was once quite a manual process for colleagues is now fully online, from the application stage through to a colleague's first day at Zenith.

2%
increase in directors identifying as neurodivergent

5.7%
LGBTQIA+ colleagues vs 3.2% in the UK

Our people
(continued)

Case study

Enhancing our recruitment process to create roles with purpose

In FY24 we conducted a training course called Licence to Recruit, with the aim to upskill our hiring managers on fair, transparent and effective recruitment methods. The training programme covered the following topics:

- Creating meaningful hiring criteria to use during recruitment.
- Shaping behavioural and situational interview questions using our Leading at Zenith framework.
- UK equality legislation, unconscious bias and how to implement reasonable adjustments for colleagues that need them.

By the end of the course, 162 hiring managers were equipped to support their hiring decisions with evidence-based assessments while ensuring the candidate has the right experience.

In FY25, further courses will take place with ongoing training for new managers who join the business. We are confident that the training will help our hiring managers to recruit the best talent and nurture a diverse and inclusive workforce.

162
hiring managers trained

14%
reduction in colleague fringe turnover YOY*

*Fringe turnover is the number of colleagues who leave the business having worked for less than one year.

Q: How are you investing in our people so that they can be the best that they can be?

Despite the difficult and challenging times, we're still investing for the long-term sustainability of the Group. We've had record pay investment in the last 12 months, investing over £3 million to ensure that our levels of pay remain competitive with those of equivocal roles in the market.

We've also been investing in the quality of our recruitment – initiating a programme called Licence to Recruit, training our leaders for exceptional recruitment. We've seen nearly a 14% reduction in the number of people that leave us within the first year of joining, and we attribute a substantial proportion of that to a higher quality of recruitment.

To help colleagues understand and maximise the value they get from our benefits package, we held a Benefits Week, with over a fifth of colleagues engaging in the different activities.

We've also invested in both technical and leadership training, and we've seen a 32% increase year-on-year in the number of colleagues that have accessed training.

And finally, we've seen continued success with our outstanding apprenticeship programme and I'm proud that we were recognised with a Princess Royal Training Award.

Q: There is absolutely no doubt that people are at the heart of Zenith. So, what work has gone into enhancing our thriving culture?

Our inclusion programme has been a phenomenal journey over the last few years with six focus groups driving different areas of inclusion.

A couple of highlights would be our recently introduced Women at Zenith Network, which has been really well attended. We also held a session called "Uncomfortable Conversations about Race" with an external consultant facilitating a conversation where colleagues could ask questions about race in a safe environment. After that session, we saw a 40% increase in the number of colleagues wanting to join our race focus group, so, it's clear it struck a chord with people wanting to get involved and make a difference.

Our people
(continued)

We've also won an award for our inclusion work, being recognised by the Yorkshire Post at their Excellence in Business Awards in November 2023.

However, to nurture an inclusive culture, we have to drive a change in our diversity, otherwise we're not changing the makeup of the colleague population and representing the customers and communities that we serve, which is our goal.

In the last 12 months we've improved our gender representation on our Leadership Board, increasing it to 20% – not where we want to be, but a material improvement versus the previous year.

We also saw a 4% reduction in our gender pay gap, which is now below 11%. And while this is 11% more than it should be, it's one of the lowest in our industry and has halved in the last three years.

Additionally, our representation of different ethnic groups has also grown. We saw a 3% YOY increase in leadership roles in heads of functions, a 2% increase in middle management, and at a total Group level, an increase of 1.4%.

And then finally, we have our census. Over 90% of our colleagues have participated in the Zenith census. That's 90% of our people giving us their personal data so we can then measure how we're doing against our diversity and inclusion targets, which is a great level of engagement.

Q: Looking forward to FY25, tell us what's in store for the People Promise?

We're now three years into the People Promise, and while in challenging times it's important to pause and reflect, I'm confident we've still got the right plan.

Under our Designed for Growth workstreams, we'll continue to review how our teams are organised across the business to make sure that we're responding to the changing needs of our customers.

Under our Brilliant Teams plan, we're launching MyGPS – the career development programme I've already touched on – which will be rolled out to all colleagues to support them with their performance and development.

Under Thriving Culture, we're reviewing our flexible working offer and seeking to enhance it, focusing on whether we can offer more part-time working to try and access a greater pool of talent.

And finally, we're launching our ethnicity network this year and doing a wellbeing gap analysis on our current offering to ensure that it's still fit for purpose, for what our people need from us going forward.

3%
increase in under-represented ethnic groups in our heads of function population YOY

2%
increase in under-represented ethnic groups in middle management YOY

37%
of our senior leadership population is female*

90%
completion of Zenith Census

*Senior leadership defined as non-statutory directors

Our people
(continued)

A look into our People Promise

From experienced mobile technicians working hard to keep drivers moving 24/7/365, to our passionate customer teams on hand to make drivers' lives easier, we invest in the best people to deliver a seamless experience for our customers.

That's why we're so passionate about our People Promise. Our strategy outlines how we'll continue to invest in our colleagues, recruit for growth and be the first choice in the industry for colleagues to develop their careers to ensure we're always going the extra mile, for both our customers and our people.

Hear it from our people

Every year we take part in Best Companies – an anonymous employee engagement survey which enables us to gather feedback from our people to help guide our future people strategy.

When asked: what makes Zenith a great place to work? Our people answered...

"The ambition of the company is motivating, and I feel empowered in my role to make positive changes. Great ED&I agenda and wellbeing focus."

"The people – we always say it, but the people make it. I also see that there has been a lot more effort regarding diversity which feels different to a few years ago – much more positive."

Our People Promise – focus areas

Designed for growth

Develop roles that are designed with purpose and our customers in mind, whilst building systems, structures and processes that are ready to scale as the business grows.

Brilliant teams

Investment in training so everyone can be their best selves and unlock their true potential. Develop inspiring leaders to drive the future growth of the business.

Thriving culture

Represent the customers and communities we serve by shaping a culture with inclusion everywhere, while supporting the wellbeing of our people.

Fair deal for all

Deliver a consistent, transparent and competitive pay offer which reflects the market, along with benefits that bring real value to our people.

Exceptional colleague experience

From having efficient onboarding processes so new starters are set for success from the get-go to supporting our colleagues with flexible working to fit around their life commitments, it's about providing the best colleague experience so our colleagues can thrive.

Our people
(continued)

Case study

Supporting our people with fulfilling careers at Zenith

We strive to develop brilliant teams and help our people be the best they can be. And that means providing development and progression opportunities for all our people. Tim Kaplowitch, our Head of Corporate Customer Service, reflects on his career development at Zenith...

Where did your Zenith career begin?

I joined Zenith on a graduate training programme in August 2016; previously I was a languages teacher in a secondary school and I was looking for a career change. The role interested me as it was an opportunity to join a local, successful and growing company.

Can you give us a brief overview of your Zenith journey so far?

2016–2017: Business Development Executive
My entry role in account management helped me learn how the business works and enabled me to grow my network.

2017–2018: Support Team Manager
I set up a team to take the admin work out of the account management function, the management role opened up many opportunities and paved the way to my current role.

2018–2019: Rental Customer Services Manager
I recruited and set up the rental customer services team, moving Rental from our Crowthorne office to our Leeds HQ.

2019–2022: Head of Rental Operations
Next, I moved from management to Head of Rental Operations, building a strong management team which consistently scored 3* in Best Companies.

2022–2023: Head of White Label Customer Services
Moving into the Consumer space, I gained valuable experience of the regulated world dealing with individual customers rather than the larger corporates in the rest of the business.

Jun 23–Nov 23: Head of Consumer Customer Services
I then took on the responsibility of managing customer services across the Consumer division, heading up both White Label and ZenAuto.

Nov 23–Now: Head of Corporate Customer Services
My latest role enables me to put into practice the wealth of experience and vast skills I've gained over my nearly eight-year career here at Zenith and I'm looking forward to the opportunities that FY25 may hold.

How did the business support your development?

I've been fortunate to always report into strong leaders and mentors in all my roles. They trusted me with opportunities and gave me the confidence to step into more senior roles.

Zenith has continually invested in my training and development, the most recent example being the PWC mini-MBA which I completed in 2023. It also comes down to the culture here at Zenith. I've built a very strong internal network of colleagues who will happily support you with their knowledge – whether you're navigating challenges or looking to explore new areas of the business – we are always here for one another.

Our people
(continued)

Our Equity, Diversity and Inclusion progress

Take a journey through a year of transformative events, thought-provoking discussions, initiatives and progressive change within the business as we look back on our FY24 highlights. We're proud to be building a culture with inclusion everywhere – every team, every level, everywhere.

Handy hint
Click on a highlight to read more

June 2023
LGBTQIA+: Sponsored Sleep-out

September 2023
Pension Awareness Week

November 2023
Diversity & Inclusion Award

January 2024
Equity, Diversity & Inclusion (ED&I) Fair

July 2023
Joined the Automotive 30% Club

Automotive 30% Club

March 2024
Expansion of gender representation on our Leadership Board

January 2024
Gender: Women at Zenith Network

October 2023
Race, Religion and Ethnicity: Black History Month

December 2023
ZenAbility: Disability History Month

March 2024
Neurodiversity Celebration Week

Technology

Take a look at how the ongoing development and investment in our market-leading single asset and contract management platform is transforming our business, and improving customer experience.

In FY24 we transitioned into the second half of our enterprise re-platforming transformation initiative, and we're pleased to say we've made great progress across all of our divisions.

Developing and launching our inaugural salary sacrifice portal to our Corporate customers was a seminal milestone for our re-platforming objectives. Taking this new digital proposition to market enables the first waves of contract and asset migration for the Corporate division. The roll-out of the new portal forms the foundations to expand our core application function for complex Corporate fleet configuration as we move forwards. We'll also be developing further functions and features that will be designed specifically to optimise a best-in-class digital experience for both Corporate drivers and fleet managers.

Additionally, while we close out the contract and asset migration for our Commercial division, we have extended our platform offering for the Consumer division to the small and medium business sector with a fully digital BCH.

And finally, we've also engineered the foundations of our strategic data and management information (DMI) architecture in readiness to move this into production in FY25, along with path-finding through product prototyping of new management information (MI) dash-boarding capabilities with select key customers.

"With our all-new salary sacrifice portal, we've laid down an ecosystem that is built for digital end-to-end extensibility and can be continually adapted to meet the evolving needs of the Corporate customer. This is re-setting the technology paradigm in our sector and contributing to leading the way for enterprise standards to be achieved as the 'new digital norm' for the future."

Ian Gibson
Chief Information Officer

100%
of our Commercial customers migrated to our single asset management platform

100+
remote MSU technicians with refreshed technology

1,400
colleagues moved over to new agile working laptop station

5,700
CVConnect users

100%
cloud hosting enabled

Technology
(continued)

Our four primary technology pillars

Digital and mobile first

Improving engagement via best-in-class customer portals.

Progress
During FY24, we've significantly advanced our digital and mobile first proposition across the Group. From going to market with BCH – our fully digital end-to-end product – to relaunching our commercial fleet management customer platform, CVConnect, we're building a best-in-class digital experience.

Next steps:
Alongside the extension of our new portals to car and van fleets, our next focus is to further enrich our product offering with new innovative solutions to support the leasing of used electric vehicles.

Additionally, in our Commercial division, we plan to relaunch our core CVLink system which acts as our central hub for management of all maintenance spend between ourselves, our supplier partners and our customers.

One asset and contract management system

Ongoing technological consolidation and development to constantly enhance customer portals.

Progress
Looking at our most complex transformation, we've made good progress with the ongoing deployment of our single asset and contract management platform, Miles.

By the year end we had successfully migrated all our Commercial customers on to the platform and began to implement our first Corporate salary sacrifice scheme customers too.

Next steps:
Our next focus is to complete the migration of our Corporate customers and then move our car and van fleets – cohort by cohort – on to the portal. As we continue with our transformation, Miles will create a frictionless customer experience. Enabling greater freedom and automation for our customers with enhanced self-serve features, we're building vehicle solutions set for the future.

Driven by data

Generate sharper analytics and customer and market intelligence to unlock additional revenue opportunities.

Progress
In the last financial year, we have laid down the foundations to develop a new data and business intelligence (BI) ecosystem.

Next steps:
Looking forwards, we'll move from the development stage to production to develop our future data and MI platform. This phase of the journey will enable us to leverage data in a very progressive way, empowering our people to better self-serve and work more efficiently to deliver good outcomes for our customers.

We'll also build out our customer BI product, advancing self-serve functionality to increase customer autonomy and improve the customer experience.

Cloud hosting

Facilitates scale, resilience and agility, as well as enhanced performance and security.

Progress
In FY24 we consolidated our system architecture and completed our move to cloud hosting, enabling us to deliver more efficient and readily available services to our customers.

Next steps:
We're on a journey to become increasingly cloud native – our next focus is to enhance, optimise and reengineer our technology to be cloud native. Our strategic, ongoing transformation and investment will result in a more resilient, robust and productive IT platform at lower cost.

Corporate and Consumer CEO summary

Navigating a weakened economic backdrop and consumer demand, Ian Hughes shares just how resilient the business is in his Corporate and Consumer division Q&A. With highlights including strong growth of our salary sacrifice proposition, rolling out our all-new online quoting platform and launching business contract hire, there are some real standout moments.

Ian Hughes
CEO – Zenith Corporate and Consumer divisions

Watch the interview

Q: You've seen a lot of change this year, including taking on the additional role as CEO of Consumer, alongside Corporate. Can you summarise the changes we have seen in the market this year?

Inflation has driven up operating costs and weakened consumer demand, which has contributed to a slowing of retail registrations, alongside a decline in used vehicle prices, particularly in electric vehicles.

We've also seen a number of legislative changes, with the delay of the 2030 deadline and the introduction of the ZEV mandate. The market has had to adapt to these changes, and although it's been tough at times, there's been some fantastic examples of innovation, which makes me incredibly proud of the team here at Zenith.

Within our own business, we made the decision to bring together our Corporate, Consumer and Rental divisions, creating three complementary channels to go to market with. This new structure allows us to respond and pivot to demand, having the right resources in the right place at the right time and bringing together the extensive knowledge and talent we have here at Zenith.

The transition is already in progress and we're starting to see some benefits already, but I know there's so much more to come.

Q: How much progress have you made with Corporate customers on the battery electric vehicles, or BEV transition?

Our BEV sales performance continues to be very strong, with company car and salary sacrifice schemes driving the transition. As a business, we've now spent over £475 million on electric vehicles.

The government's long-term approach to the BiK tax rates have made a positive impact in supporting the electric transition. Figures from the Society of Motor Manufacturers and Traders (SMMT) highlight that the majority of new BEV registrations are via fleet sales, driven by the tax incentives available through these channels.

I'm incredibly proud of the involvement we at Zenith have had in keeping these incentives at an appropriately low rate, working with industry partners such as the BVRLA, providing real-world insights to the attention of government, meeting with MPs and voicing the thoughts of our customers.

We've also carried out our second EVXperience report, building on the data from 2023, we identified a number of new EV trends, including the driveway divide between those who have off-street parking and those who do not.

Corporate and Consumer CEO summary
(continued)

Case study

Zenith EVXperience II Report

Following the success of the first iteration in 2023, Zenith commissioned a second EVXperience report looking into the lived experience of EV drivers. The research delves into the day-to-day realities of what it's like to drive an electric vehicle and, crucially, enables us to track how these attitudes evolve over time.

The report followed the same six key experience indicators (KEIs) as the first – range, driving experience, safety and reliability, experience of charging, cost of running and the vehicle's mobile app – and allowed Zenith to compare EVs against ICE vehicle equivalents.

Overall, while drivers are still happy with their electric vehicles, satisfaction levels have dropped slightly (7.8 vs 8.4/10) across all six KEIs when compared to the 2022 report. However, the report found EV drivers are still more satisfied than drivers of petrol or diesel vehicles (7.8 vs 7.4/10).

These insights will be used to better advise our customers on their transition to BEVs, support government and trade bodies in their respective activities, and help to improve the attitudes towards electric vehicles.

Report highlights:

- Over 75% of EV drivers wouldn't go back to petrol or diesel vehicles.
- The UK has a "driveway divide" with 76% of EV drivers relying on off-street charging at home.
- The two-car family could be holding back the EV transition, with 51% of EV drivers stating they have a second vehicle which is ICE, and 73% of those have no plans to go fully electric.

Visit our dedicated EVXperience page for the full findings.

There's still plenty of work to be done and we remain committed to helping customers transition their fleets, providing data insights through our consultancy team so that they can be confident that a move to electric will both maintain productivity, save costs and ultimately help save the planet.

Q: So, staying in the corporate channel, where have you seen the most growth this year and why?

Salary sacrifice has been hugely popular as not only does it provide the most cost-effective way to drive an electric car, it's a great benefit to offer colleagues, supporting recruitment and retaining employees, as well as working towards net zero ambitions. This year we've onboarded many new customers as well as retaining our loyal existing customers.

We're also very excited to have unveiled our all-new online quoting platform. Not only does it provide a dynamic and cutting-edge user experience but it's also significantly more efficient for our colleagues to interact with. We're in the process of moving all of our salary sacrifice customers on to the platform and, once completed, will start work on our company car schemes.

It's worth noting the strength of our rental offering, which fits seamlessly into our global proposition, providing a mobility solution that meets a wide range of short- to medium-term requirements. We have access to many thousands of vehicles throughout the UK, which are delivered by our strategic partners.

Q: But of course, there are always challenges. What have been the biggest hurdles this year and how have you overcome them?

Perhaps the biggest obstacle we, and the whole industry, have had to navigate this year is the weakening used car prices, and in particular a significant downturn in electric vehicle sales. At Zenith, we have looked to get ahead of the issues by proactively tackling them head on.

We've put together a team who are focused solely on offering extensions to the contracts of our BEV fleet, giving drivers the opportunity to retain their vehicle for another year. This gives drivers the security of their own outgoings, while enabling us to mitigate the impacts whilst the market corrects itself. This type of innovation and ability to move at pace is what makes our team stand out, and I continue to be impressed at the way in which we respond to these sorts of challenges, but we recognise there is still work to be done to meet the needs of our stakeholders.

1. Includes both cars and vans in the Corporate fleet.

Corporate and Consumer CEO summary
(continued)

Another area we've invested in this year has been our customer service operations. Since the pandemic, we've seen notable shifts in customer expectations. There's a greater focus on online, with the desire to self-serve, but everyone still needs to access a friendly voice at the other end of the phone when there's a challenge that needs our support.

We've spent much of the last 12 months reshaping the structure of our teams, upskilling them, and adapting our approach so we can always have someone available to pick up the phone if you're stuck on the motorway with a puncture, have a crack in the windscreen or need an update on a new vehicle order. We're already seeing the positive impact of these improvements through our customer feedback channels and Trustpilot, and we'll continue to focus on great customer outcomes each and every day.

Case study

Five-year partnership secured with Briggs Equipment UK

After Briggs Equipment UK – one of the UK's leading supply partners of materials handling equipment – first became a customer with their salary sacrifice fleet in April 2023, we then secured a sole supply relationship in February 2024 which entails the provision of fully outsourced vehicle leasing and fleet management services for both their company cars and LCVs.

Managing a fleet of just over 1,000 vehicles over the course of our five-year partnership, our core services include: fully maintained contract hire leasing provision for all cars and LCVs; accident management; all fleet management; compliance and administration, along with the provision of a short-term hire rental solution.

Challenge
The customer needed a strategic partner who could provide innovative solutions to move their business forward and improve fleet operations. Requiring a policy re-fresh, better vehicle choice for their company car scheme and proactive management of vehicle downtime, we were successful in a tender process and welcomed Briggs Equipment UK to our growing Corporate customer base.

FY24 progress
Since securing the five-year partnership we've made some great progress, including:

- A full policy review of their company car scheme identified an opportunity to utilise electric vehicles, which were overall more cost-effective using whole life cost methodology – the new scheme now only includes EVs or vehicles under 50g/km.
- Via our daily rental offering, we provided a large number of plug-in hybrid (PHEV) vehicles at short notice to bridge the gap between the return of ICE vehicles and the supply of new EV vehicles.
- Set up an LCV working group that delivers superior control over all vehicle off-road events through a downtime management solution.

BRIGGS EQUIPMENT

Future focus
Looking to the future, we will be collaborating with Briggs Equipment UK to deliver the following key objectives:

- Helping the customer to shape their EV transition plan once submission is completed on their ESG strategy.
- Navigating the ZEV mandate legislation and reflecting this within any fleet policy changes to minimise any operational risk to the business.
- Ensuring proactive management of all solutions via Zenith and building on the positive start we have had with their company car scheme.

Corporate and Consumer CEO summary
(continued)

Q: It's great to hear that we're navigating challenges and adapting our approach to encourage growth. So, how is Zenith using its position in the market to change the industry?

We take great pride in how we look to support our industry. As the UK's largest independent vehicle leasing and fleet management company, we have an important role to play in shaping the future of our sector and a number of us in the team hold positions within our industry bodies, helping to drive change.

This year, I became Chair of the Leasing and Fleet Management Committee at the BVRLA, which involves bringing together my peers from across the industry to discuss the issues of the day and agree what actions we want to take to make a difference.

At the start of the year, a number of us met with Bill Esterson in his role as then Shadow Minister for Transport to highlight some of the key challenges around EV adoption, including charging infrastructure. Being able to connect directly into the political agenda is a great way of setting the tone and direction for future policy.

Likewise, our consultancy team are regularly asked to speak on panels, attend events and help provide evidence for white papers. Being able to share our insights and experience, and be a voice for our customers is a real privilege and will be something we continue to do in the future.

And our EVXperience report is a way of taking an annual temperature check of EV drivers, establishing what they like, what could be better and where the opportunities are to improve things. The data has already been used to support other industry campaigns and it provides valuable access to the real-life experiences of those using electric vehicles in the real world.

Q: You mentioned earlier that with falling consumer confidence, ZenAuto has had to adapt. What improvements have you made to the Consumer division this year and how have they benefitted customers?

The economic challenges of rising inflation and costs of living increases have had a huge impact on consumer confidence, especially with bigger ticket items like cars. Having been in this business for many years, we know that things come around in cycles and in time this will improve, but in the meantime, we've been looking at ways to reach new audiences.

This year saw us launch two new propositions, BCH and a purely BEV personal contract hire solution.

Business contract hire, or BCH, provides companies, typically with less than ten employees, the opportunity to make the transition to BEVs, taking advantage of the BiK rates as well as the flexibility to build a lease that meets the needs of their business, now and as they grow. Delivered via our digital-first ZenAuto brand, BCH customers can set up their contract and order a car completely online. There are also packages available to help spread servicing and maintenance costs.

Corporate and Consumer CEO summary
(continued)

And our BEV-only personal contract hire solution for a major high street bank will in time allow us the opportunity to offer a solution to their account holders, providing access to a greener mobility solution.

Our ZenAuto team continues to focus on delivering great customer service, as evidenced by the renewal of our white label partnership with Santander, extended for a further three years, and a Trustpilot score of 4.8.

Q: Taking a step back and considering both the Corporate and Consumer divisions, what are the top three standout moments for FY24 and what are your focus areas for FY25?

1. Our all-new digital portal and the setting live of our first customers. Seeing teams from across the business coming together to make it work has been incredibly rewarding. It's been part of a much bigger transformation programme and will ensure our business is set up for the next ten years ahead.
2. The renewal of 97% of our customers and the winning of some wonderful new partners. It's testament to the team that we have such strong relationships, built on mutual trust and understanding. We constantly look to add value, it's what motivates us day in, day out.
3. And, linked to that, has to be our customer service delivery. Customers are at the heart of everything we do, and we've invested time, energy and resources into enhancing our approach through new processes, additional training and responding to customer feedback. It's an area of our business we will continually look to improve, ensuring we evolve our offering in line with customer needs. It's in our culture and what has always set us apart from our competitors.

And for our FY25 focus areas, in addition to continuing to develop our customer service and delivering the best for our partners, both existing and new, I am committed to leading and bringing the three channels of Corporate, Consumer and Rental together, preserving their unique identities and exploring opportunities to grow and extend their expertise.

Case study

Beginning to move our salary sacrifice customers on to the new driver portal

In FY24 we moved 12% of our salary sacrifice customers on to the all-new, simple driver portal – supporting quoting, ordering and key in-life activities – making good progress with the deployment of our single asset and contract management system as part of our technology transformation. We've re-engineered our technology environment and enhanced our customer experience to deliver better conversion and fleet growth.

Some of the key user features include:

- Full control over configuring a vehicle with easily accessible tax information
- 360-degree vehicle images and internal view for a better viewing experience
- Useful frequently asked questions and insights guides to ensure a smooth journey
- Handy product recommendations based on vehicle browsing trends.

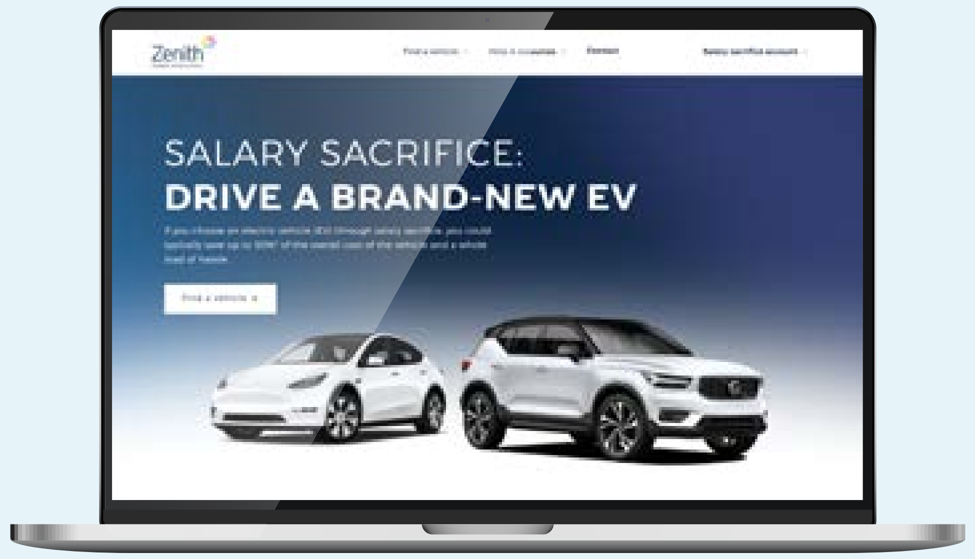
Trustpilot

Corporate salary sacrifice customers said:

"Very good website with all the information that I required before ordering." – 5 stars

"Easy to use portal and kept up to date with progress of my order and information." – 5 stars

Future focus
In FY25 we'll continue with the roll-out of our new portal for all salary sacrifice and company car customers. Once complete, we will then begin to move our car and van fleets on to the portal, while developing the features to maximise the portal's efficiency for the driver, fleet manager and our people.



Corporate division

Our Corporate division provides company sponsored schemes, including salary sacrifice and company cars, along with LCVs and short-term rentals for many of the UK's leading companies.

With our full range of services – including vehicle funding, maintenance, accident management, fleet consultancy and more – we work to provide innovative vehicle solutions for our Corporate customers.

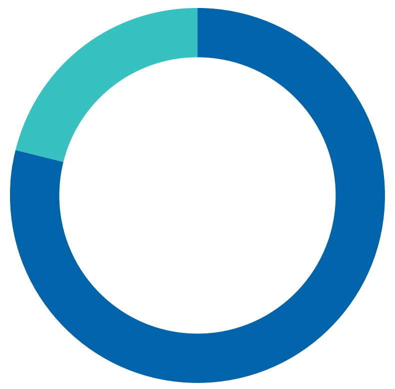
FY24 company-sponsored schemes

4.0 stars
Trustpilot score

44%[1]
BEV as % of funded fleet

8%[1]
funded fleet growth (YOY)

Split of funded fleet by car and van



Car **79%**
Van **21%**

Total fleet split by funded and managed

Funded fleet
Managed fleet

FY24 Rental

6%
carbon reduction since FY23

80%
of our rental customers have been with Zenith for 10+ years

1.8m
rental days supplied

Rental days (millions)

1. Includes both cars and vans in the Corporate fleet.

Corporate division
(continued)

Employee schemes

Salary sacrifice
Zenith is the UK's longest standing salary sacrifice provider – salary sacrifice has been a core part of our proposition for 25 years, and we currently provide over 100 schemes.

Offering hassle-free schemes built around our customers' employee benefit requirements, we enable their employees to drive a brand-new car that's fully maintained and insured, with no costs going back to the employer.

Company car
Our company car schemes deliver tailored services and processes to ensure that our customers receive the right blend of structural advice, cost control and vehicle choice, all facilitated by our exceptional customer service teams.

With the option of fixed or open choice lists depending on the customers' requirements, along with an online portal showing associated costs with trading up/down and BiK calculations, we cover all bases.

Finding the right vehicle solutions

Our sales team manages both our salary sacrifice and company car channels, which means they're able to quickly compare pricing and availability to find the best solution for our customers. Plus, they help customers prepare for the switch to electric, providing useful information around charging and range to enable a confident transition.

Outstanding ordering experience

With our enhanced driver portal, customers benefit from increased self-serve functions through the quote and ordering process, along with product recommendations – chosen by our experts and based on vehicle browsing trends – to provide a tailored experience.

Fully managed, stress-free services

Our dedicated driver teams provide a full range of in-life services, supporting with everything from admin to yearly mileage reviews, maintenance scheduling and accident management. We ensure our customers are regularly informed throughout their Zenith journey, providing a smooth experience from day one.

Corporate division
(continued)

Rental

We have priority access to over 300,000 vehicles ranging from cars and vans to specialist vehicles to deliver short- and mid-term hire solutions to our Corporate drivers.

With complete UK coverage, we offer quick and convenient delivery to any location to keep our Corporate customers moving.

Be it a mid-term rental whilst they await delivery of their contract hire vehicle or a short-term rental for a business trip abroad, we ensure our customers get the fleet they need, when they need it. Plus, our long-term partnerships with the major UK rental companies, combined with our considerable purchasing power, means we're able to offer industry-leading competitive services to our customers.

Automated allocation

Our automated process considers factors such as availability, location, branch performance and preference, to confirm a booking within 10 minutes of ordering.

Tailored to our customers

We can tailor our system to meet the requirements of our customers, including allowing multi-user access with built-in pre-approval processes.

One team

Our customers have a single point of contact for any in-life query, removing the need for them to speak with individual branches and, therefore, simplifying the customer service experience.

Corporate division
(continued)

LCV

Working with some of the largest LCV fleets in the UK, our dedicated team manage over 12,000 LCVs in our Corporate division.

Allocating a specialist LCV consultant, we work with the customer to manage the build process, ensuring all their fleet requirements and preferences are met. From placing the vehicle orders directly with the manufacturers, to managing timescales and confirming lead times, we configure a bespoke "Build Plan" for each vehicle within our online Build Management Solution.

It takes the right expertise and knowledge to run an efficient LCV fleet, that's why our proposition is underpinned by a wealth of experience and expertise. From the get-go, our consultants provide comprehensive advice and guidance on all aspects of LCV fleets and then, once delivered, the customer receives ongoing support with the transition to electric light commercial vehicles (eLCVs) and opportunities to leverage cost savings.

Dedicated consultants

Offering tailored guidance on fleet strategy, funding and cost reduction on a whole life cost basis, our consultants support the customer throughout the entire relationship. Whether it's manufacturer reviews and residual value analysis, we are experts in every aspect to ensure our customers' LCV fleets succeed.

A smooth transition to eLCVs

Participating in government consultations on EV legislation and infrastructure, our consultants are experts in the latest eLCV technology and future agendas. From designing a decarbonisation strategy to providing bespoke charging solutions and ongoing reporting to monitor progress towards key milestones, they ensure a seamless transition to electric.

Proactive downtime management

Prior to delivery, we identify the right mix of maintenance solutions – garages, MSUs and out of hours – to ensure sufficient coverage of the customers' depots and driver locations. Our proactive maintenance approach ensures the most convenient and appropriate solution is selected when a driver places a maintenance request, working to reduce vehicle downtime.

Corporate division
(continued)

Our in-house consultancy team

Our team of fleet consultants provide tailored guidance and advice to our customers to reduce their costs, enhance policies and improve business performance as they work towards their sustainability targets.

Whatever our customers' ambitions and goals, with our unparalleled expertise and insight we're here to ensure their fleet performs at its peak.

Taking the time to understand each customer's needs and acting as their trusted strategic partner, our consultancy team works to level up their business by:

Improving efficiencies

Providing data-driven recommendations to help make our customers' fleets more effective.

Helping to reduce costs:

- Evaluating the optimal funding option
- Designing policies to meet our customers' objectives
- Recommendations for managing the cost of vehicle downtime
- Developing policy to help control in-life costs

Reaching decarbonisation goals:

- BEV transition planning
- Infrastructure planning
- Emissions reporting and tracking
- Carbon offset initiatives
- Mobility strategy and future requirements

Maximising their employee benefits:

- Help with understanding cost difference of cash vs company car
- Compare the benefit of a salary sacrifice scheme vs cash benefit
- Benchmarking to understand how their policy compares to competitors

Delivering appropriate risk management:

- Duty of care
- Legislative changes
- Grey fleet
- Accident and maintenance policy

Supporting with commercial vehicle expertise:

- Consultative support with the procurement and build of their vehicles
- The right systems and processes to ensure their fleet remains compliant
- Analyse customers' operating models to maximise fleet availability

Delivering insights

We support our customers and industry bodies through joint participation and key insights to navigate the ever-changing fleet environment.

Hosting webinars

- Designing and delivering webinars on relevant topics

Insight led comms

- Sharing regular industry insights via newsletters and our dedicated "Industry Insights" blog

Consumer division

By enhancing our customer service and broadening our market opportunity, we've shown true Zenith resilience and continued to invest in our capabilities while navigating a very challenging consumer market.

Emerging from the current economic conditions, with factors like the cost-of-living crisis and low consumer confidence, we've managed to protect our profitability across the Consumer division and are set for growth as the market improves.

Whether it's through our digital leasing brand, ZenAuto, or via our outsourced white label leasing solution, our Consumer division serves the modern consumer by delivering a quick and seamless new car experience to meet their needs.

FY24 ZenAuto

9,238
total funded fleet size

(19%)
funded fleet and order bank growth (YOY)

24%
BEV as a % of total fleet

4.8
Trustpilot score

FY24 White Label

52,151
total managed fleet size*

(8%)
managed fleet growth (YOY)

10
services delivered under different brands

ZenAuto total fleet (all funded)

FY24	9,238
FY23	11,133
FY22	8,843

White Label total fleet (all managed)

FY24	52,151
FY23	56,875
FY22	51,304

*Excludes vehicles also served by Commercial division)

Consumer division
(continued)

ZenAuto

Designed to fit around the modern consumer's busy lifestyle and meet the increasing demand for smart usership over ownership, through ZenAuto we offer a 100% online journey.

The digital end-to-end solution provides an easier way for consumers to switch to electric, without the worry of long-term battery health, vehicle depreciation or falling behind with an old spec as BEVs continue to advance.

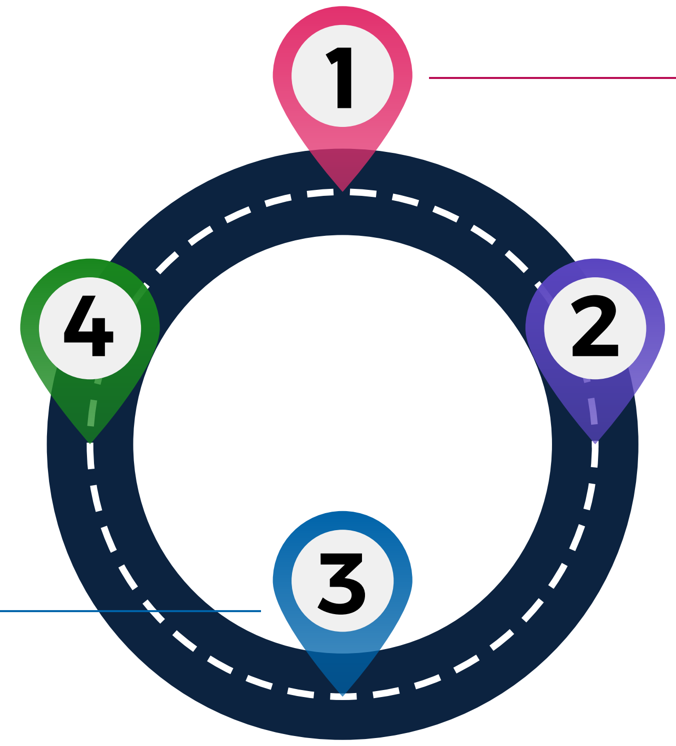
Whether it's personal contract hire (PCH) or business contract hire (BCH), our combination of passionate teams, competitive pricing and a fully digital experience, mean we're at the forefront of car leasing.

Our leasing options

Personal contract hire
With our PCH agreements, consumers have access to the top manufacturers and latest models. Once they've ordered their car, they pay an initial payment followed by a fixed monthly rental amount over a 2–4-year lease period.

Business contract hire
Our BCH offering enables directors of small businesses to lease a car for themselves and/or their employees.

The ZenAuto journey



1 Search, compare, configure and order a brand-new car completely online

2 Await delivery with regular updates

3 Enjoy a 2–4-year lease with support throughout

4 Return the car and lease a new one, or end lease

Flexible terms

Customers have the ultimate control to build a lease that works for them – choosing their own initial payment, monthly payment, mileage and length of lease.

Affordable maintenance

Our optional maintenance package enables customers to spread the cost of their MOT, servicing and tyre needs, replacing those expensive one-off payments with manageable monthly payments.

Support, always

Our expert team are on hand to support our customers throughout their entire journey. Whether they're considering switching to electric and need help understanding range or they need the right documents to take their car abroad, we're here to help make the everyday run smoothly.

Consumer division
(continued)

White Label Solutions

Delivering seamless outsourced solutions to financial institutions and vehicle manufacturers

We partner with automotive OEMs and financial institutions to bring our skilled people, highly efficient processes and 35 years of leasing experience to their customers via our fully white-labelled leasing solution.

The business processing outsource service provides a quicker and more cost-effective route to market entry, enabling our partners to offer leasing and fleet management services under their own brands to the consumer, SME and corporate markets.

We provide a broad range of partnership options with each scheme built individually for the partner, supporting companies through any stage of the journey – from simple collaboration, to driving sales volumes through our existing channels right through to fully integrated white label models. Plus, we operate across all vehicle asset types providing fully FCA-compliant solutions to corporate customers and consumers.

The value we bring to our customers

We embed our solutions – including our people, processess and systems – into our partners' business models to build long-term, high value relationships and encourage sustainable growth.

Safe, secure and low risk operation

Quick to market and highly scalable solution

Hugely flexible and adaptable range of services

High-quality service delivery by our experienced team

Deliver a better product offer, increasing the value our partners offer to their customers

Consumer division
(continued)

Case study

Supporting a major high street bank on their road to net zero

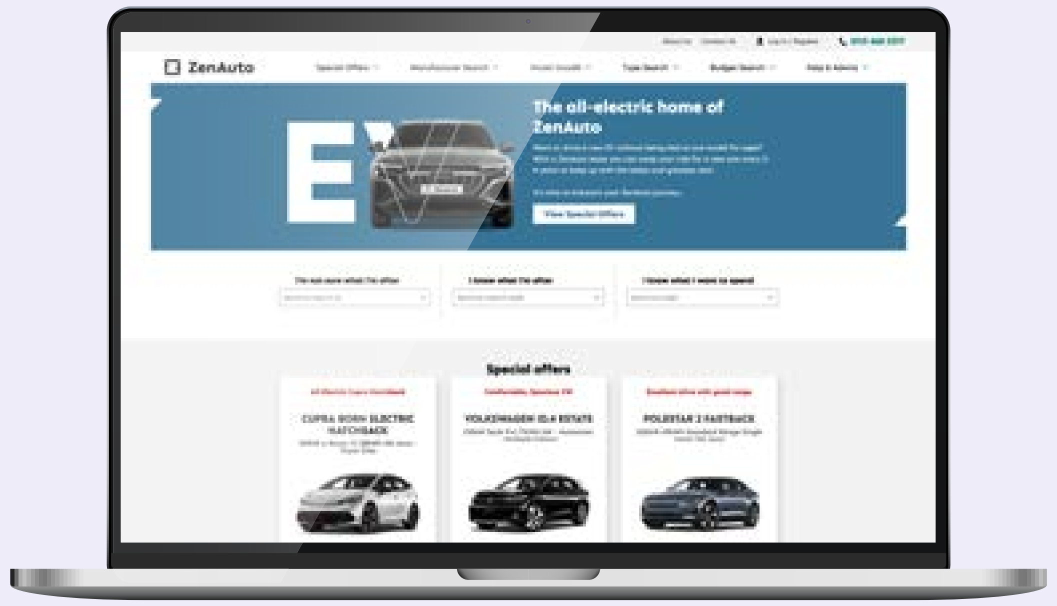
Objectives
At the end of 2023, we also secured a partnership with a major high street bank as part of its commitment to support customers with their transition to net zero.

The initial two-year contract will see the bank's customers referred to our all-electric home of ZenAuto, Electric.Auto. From here, customers will be able to browse, configure and order the latest BEV models.

The partnership enables us to:

- expand our market opportunity via a trusted bank
- drive adoption of BEVs to accelerate our vision to decarbonise the UK vehicle parc.

Next steps
With the bank set to start marketing the offering through their website and customer communications in early FY25, we're looking forward to seeing the new partnership develop and grow as we help to seamlessly to transition their customers.



Case study

Celebrating the extension of our Santander Consumer white label relationship

After a successful eight-year period providing white-labelled solutions for Santander Consumer Finance, in November 2023 we were pleased to see our partnership agreement renew for at least another three years. Fuelled by the changing consumer demand for usership and subscription products, the platform has seen rapid growth since its launch in 2015 with the fleet growing from scratch to more than 50,000 vehicles.

Adam Harley, Sales Director at Santander Consumer Finance, commented on the agreement renewal:

"Zenith's knowledge and expertise of the market, combined with its impressive approach to the customer experience, has supported our growth and enabled us to build a strong proposition in a short period of time. Extending the partnership will facilitate Santander Consumer Finance meeting the growing demands of our customers, intermediary, broker and dealer partners."

Santander

Consumer division
(continued)

Case study

Driving ZenAuto forward with business contract hire

Objectives
In January, we diversified our proposition – extending our ZenAuto offer to small to medium sized businesses – with a soft launch of business contract hire/leasing, ahead of a full launch in mid 2025.

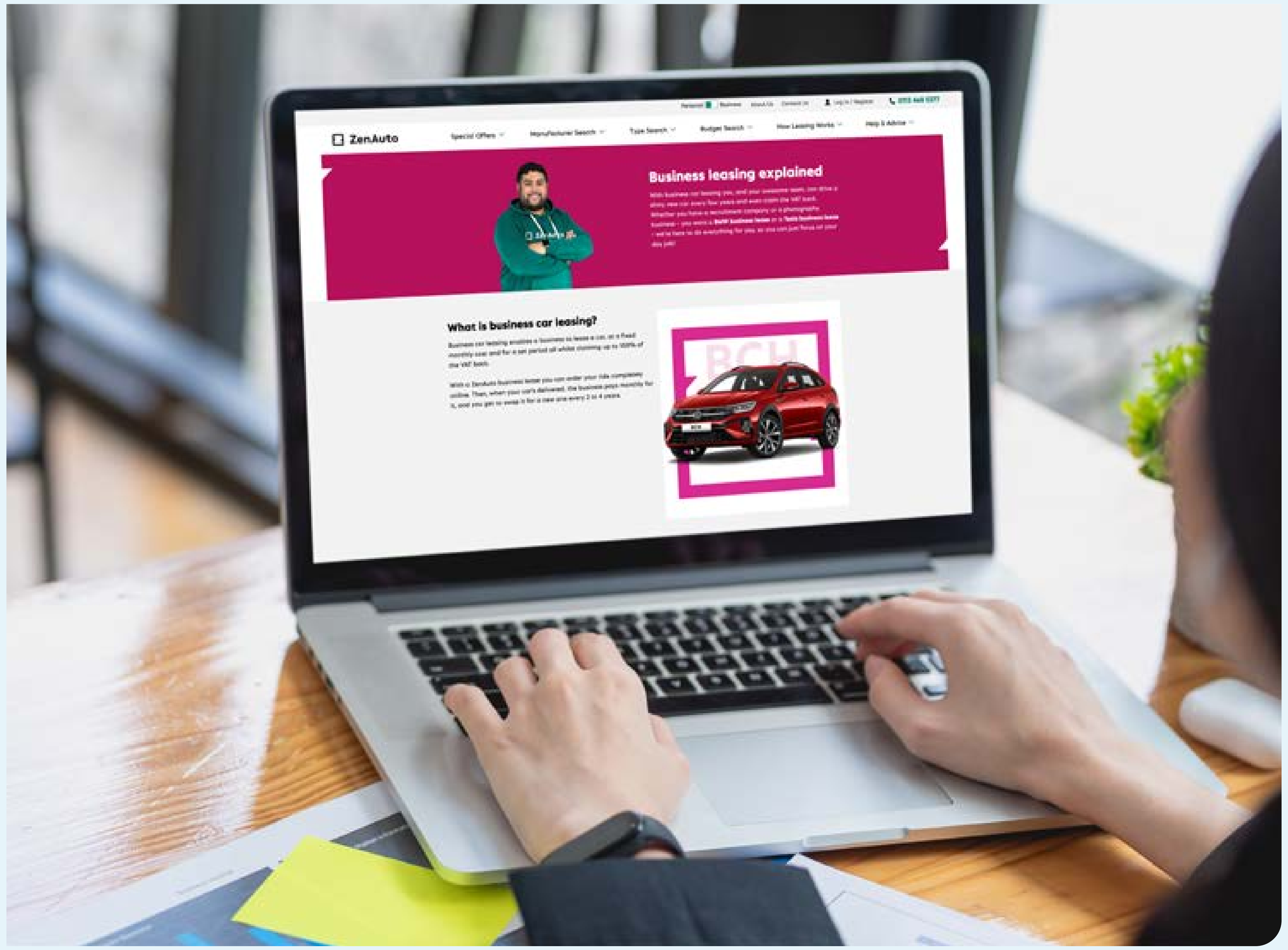
BCH perfectly complements the wider, existing range of Zenith products. It's something our customers had been previously asking for. As we continually explore new ways to support customers with their mobility across the Group. Our diversified business means we can adapt our strategy as the market changes and successfully overcome whatever challenges come our way.

Business leasing aims to:

- expand our market leading ZenAuto product into new markets to encourage growth
- provide small business customers with a hassle-free, cost-effective employee retention tool
- position ZenAuto as the leading direct to market leasing company in the consumer and SME markets.

Impact and value added
Starting with extensive consumer research we built a new proposition centred around the customers' wants and needs. With our new proposition, customers can:

- easily compare business and personal leasing prices – customers can switch seamlessly between personal and business quotes throughout the site
- access a dedicated information zone, helping directors to make informed decisions for their company, whilst helping employees understand the ins and outs of driving a business lease car
- receive a tailored communication journey, communicating directly with the employee/driver wherever possible to reduce the admin for directors.



Consumer division
(continued)

Placing Consumer Duty at the heart of everything we do

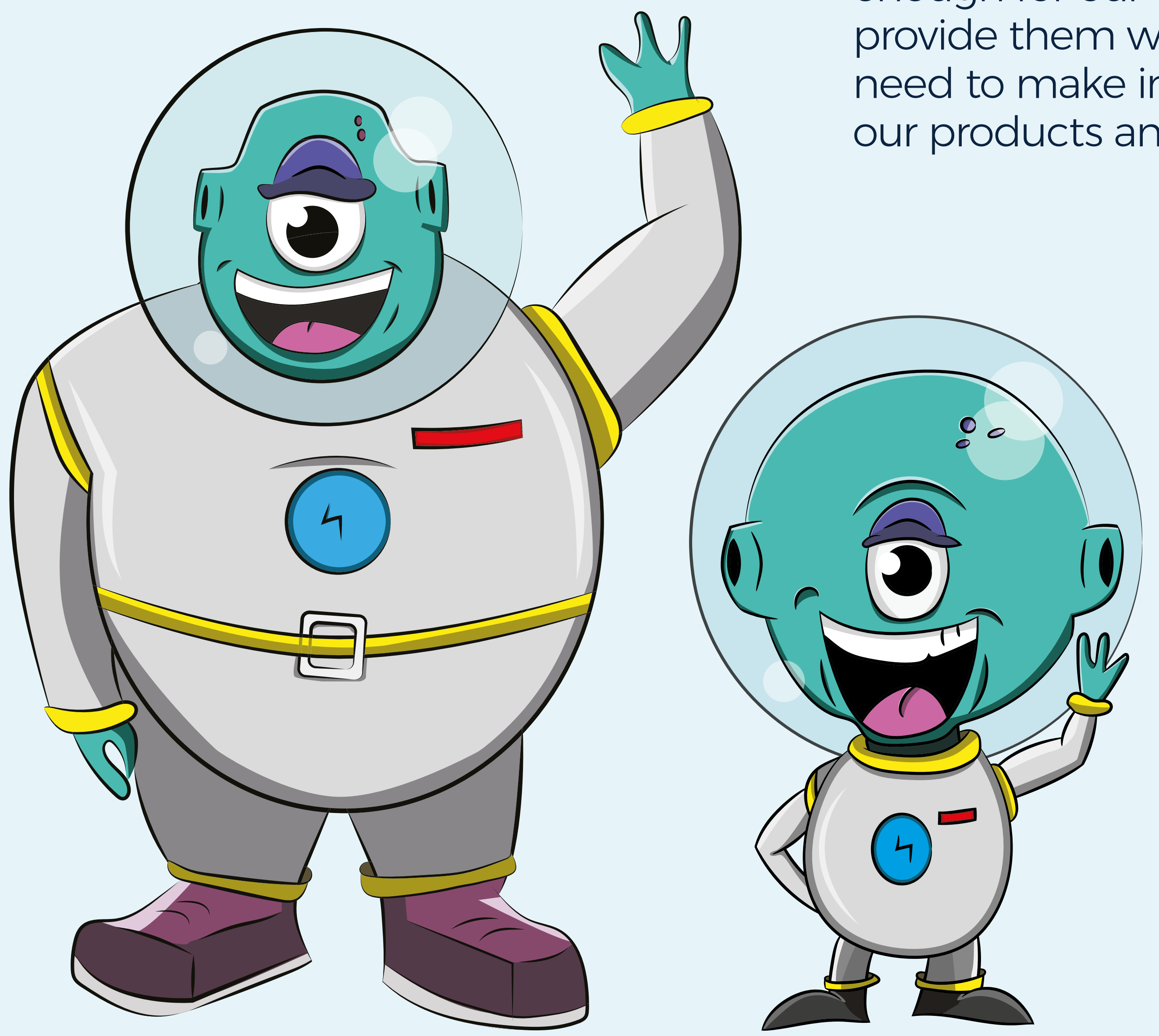
On 31 July 2023, the Financial Conduct Authority's (FCA) Consumer Duty requirements came into place.

The requirements set higher and clearer standards of consumer protection across the financial services sector, requiring firms to always put their customers' needs first (to see the requirements in detail and how we implemented them, take a look at our Corporate Governance section).

Case study

Meet our Customer Duty aliens

In the lead-up to the launch of the new standards, we welcomed the opportunity to drive even better outcomes for our customers, and so we rolled out an internal campaign to embed Consumer Duty in everything we do. To ensure our people fully embraced the Duty we aimed to implement it in the most interesting and engaging way. Introducing Mims, our Consumer Duty alien.



Mims, our Consumer Duty alien

Consumer Duty is about making things as clear, simple and fair for our customers as possible. **Mims** the alien, which stands for **"Make It Make Sense"** has become a valued and key member of our consumer team. For example, Mims encourages our people to think that if an email wouldn't make sense to Mims, then it's not clear enough for our customers and it may not provide them with the understanding they need to make informed decisions about our products and services.

Bruce, Mims' cousin

Bruce assists our team with identifying customers who may be vulnerable, so we can offer tailored support to provide the best outcomes. The acronym "Bruce" prompts us to think:

Behaviour – are there any clues in the customer's behaviour or speech?

Remembering – are there any signs that the customer had difficulty with recall?

Understanding – are there any signs the customer is having difficulty understanding the information we are providing?

Communication – is the customer able to communicate what they think?

Evaluation – is the customer finding it difficult to weigh up the information?

Through regular events, communications and an engaging physical office presence, Mims and Bruce are constantly at the forefront of our peoples' minds.

Consumer division
(continued)

We've ensured the FCA's requirements are part of our ways of working by:

- rolling out training to our consumer team, so they have the skills and knowledge to deliver good customer outcomes
- running a daily interactive quiz to re-fresh our colleagues' knowledge, of which the scores are monitored by our risk team who are on hand to offer additional training support if required
- creating a series of internal communications to bring the requirements to life in a fun and engaging way
- setting up a dedicated inbox for the team to send their suggestions on how to improve our processes and products in line with Good Customer Outcomes.

FY24 was an extremely difficult period for many consumers – with higher interest rates and the cost of living – but by delivering good customer outcomes we were able to support our customers in the best possible way to meet their needs.

Our Consumer future focus

Enhancing our customer experience

- Site-wide audit to highlight the areas for accessibility improvements in line with Web Content Accessibility Guidelines' AA Standards, helping to make the website easier for consumers to access and understand the information.
- Invest in data and personalisation to target the right user, at the right time and with the right message across all our marketing channels to improve conversion and overall customer experience.

Driving the adoption of BEVs

- Refine our BCH offering and mature our bank partnership to strengthen our position in the BEV market.
- Build a new EV deals page on ZenAuto to highlight our most competitive deals and drive sales – accelerating the road to net zero, one electric lease at a time.

Commercial CEO summary

FY24 saw many highlights in our Commercial division, including some great new business success, an increase in our mobile servicing offering and improved technology to further drive efficiencies for our customers. Join us as Martin Jenkins reflects on the year just gone, whilst outlining the key focus areas for FY25.

Martin Jenkins

Martin Jenkins
CEO – Commercial Division and Group Strategy Director

Watch the interview

FY24 Commercial

51,726
Total fleet size

2.1m
days of trailer rentals

550k
breakdowns and defects managed

1,645
training hours invested in health & safety IOSH certifications

434k
labour hours delivered through our in-house workshop and mobile technicians

Total fleet split by funded and managed

Commercial CEO summary
(continued)

Q: It's been a year of change. How has the Commercial division adapted to the external environment?

Against a backdrop of economic challenges and uncertainty, there's been a number of key themes which have been a challenge for everybody.

We've seen new commercial vehicle registrations bounce back somewhat, not quite to pre-Covid levels, but over 45,000 new registrations in the year, which is a recovery. We've also seen a softening of demand for rental product, with a shift back towards leasing, a trend we've seen particularly in our trailer rental business.

The continued pressures to decarbonise, but with limited product availability and other infrastructure-related challenges, has put additional pressures on our customers, increasing the complexity of the environment they're facing. As a result, their requirements, and their ask of a fleet management partner, have also increased, and we've had to respond to that.

Q: So, against the backdrop of the increased customer expectation, and the external economic challenges the Commercial division has still grown. How has that been achieved?

We've been investing consistently and heavily in our core technologies, our processes and our people. While it's a journey of continuous improvement, it's really come together for us in the last 12 months, and we've felt ready to move more confidently towards growing the business.

We've been able to participate in a number of significant whole market tenders, which have resulted in two major new customer wins for us: Wales and West Utilities, which is 2,300 vehicles; and Travis Perkins, which is over 3,000 vehicles. Successfully implementing both these customers in FY24 represents a significant increase that takes our total vehicles under management beyond 50,000 units.

It's also been a very thorough examination of our capabilities, because for any commercial fleet operator to choose to either outsource for the first time, or change their fleet partner, is a very big decision. Any prospect is put through a stringent process of due diligence and it's reassuring for us to know that when our capabilities have been tested against the market in that way, we've been able to come through and be successful in securing that additional new business.

Case study

Five-year fleet management partnership secured with Travis Perkins plc

In October 2023 we secured a new five-year fleet management partnership with Travis Perkins plc, the UK's largest distributor of building materials. Managing their fleet of over 3,000 assets – from HGVs to LCVs and trailers – we're focused on minimising vehicle downtime, boosting vehicle availability and ultimately helping to ensure the customer maximises their investment in their large commercial fleet.

Challenge
With the scale of their fleet, it's imperative that the fleet runs efficiently with maximum vehicle uptime. Travis Perkins plc needed a strategic partner who were able to provide high levels of service, data integrity and management of compliance processes along with innovative digital infrastructure to drive growth and efficiency in all areas.

96%
average vehicle uptime since launch

FY24 progress
- Rolled out a collaborative implementation project, engaging stakeholders through customised communication plans to ensure a smooth onboarding journey.
- Full data audit carried out to ensure integrity of data in its ability to underpin service performance and compliance accuracy.
- Dedicated customer account team who run the day-to-day fleet operations with a 100% rate on complaints management.

Future focus
- Deliver year one cost savings on maintenance recharge costs.
- Implement agreed enhancements to their portal to further improve the user experience.
- Manage other ancillary services, freeing up time for the customer to focus on driving their business forward.

Commercial CEO summary
(continued)

Case study

Improving our digital offering with CVConnect

FY24 progress
In October 2023, we relaunched our CVConnect customer portal with a new dashboard-style homepage which gives our customers an instant overview of:

- the last six months of key KPIs relating to MOTs, inspections and recharges
- live breakdowns, vehicle availability and open defects data
- a view of the jobs invoiced that month with total value.

The improved platform offers a quick and easy way for our customers to stay on top of their fleet operation all in one place.

Future focus
As part of our customer digitisation journey, we'll continue to invest in our customer portal with a roadmap of new features and upgrades to deliver. Some of our key focusses for FY25 include:

- Implement additional KPIs on the dashboard and enable customers to access a new level of detailed data behind the graphs and tables.
- Launch a new digital fines service that enables customers to view fines and update transfer of liability information
- Add new fleet data fields that reflect the changing Driver and Vehicle Standards Agency (DVSA) guidelines and safety requirements for fleets.
- Enable customers to carry out self-serve reporting covering areas such as live fleet, compliance and vehicle availability.

Q: We know the focus on net zero is accelerating. How are you helping customers transition to a cleaner and greener fleet?

It's a real challenge because the commercial vehicle market is probably at least five years behind where the wider car and lighter van market is in terms of product availability and infrastructure readiness.

If you look at the number of electrical zero-emission new commercial vehicle registrations, it accounts for less than 1% of the 45,000 registrations that I referred to earlier. So, while growing, it's a very small proportion of the market, and there just isn't enough certainty or product options available to commercial vehicle operators to allow them to plan with confidence the transition of their fleets to a net zero position. As a result, most new vehicle registrations are still going into internal combustion engine vehicles.

That said, it is improving, and we are working very closely with our customers to help them understand what is available out there. We're also innovating in other ways to help them reduce their carbon emissions. One of the most significant impacts that we've been able to have is around the introduction of mobile servicing solutions, to a number of customers who were previously dependent upon a service agent network for servicing and maintenance.

We've now grown the fleet to over 100 mobile technicians, each with a highly-specified MSU which goes on to the customer's premises and undertakes the defect resolution and servicing of their vehicles on-site, removing the need for collection and delivery, and reducing their fleet miles. We anticipate further growth of our MSU fleet during the course of the next 12 months.

Commercial CEO summary
(continued)

Q: So, against a backdrop of growth and innovation, what have the highlights of the last year been for you. And what are your focus areas for FY25?

I have to begin with the new business success and the retention of existing customers, because it really does start and end with the customer for us. When you're able to bring on new customers at scale, it's a strong endorsement for the business, and gives us the confidence that we're investing and focusing in the right areas.

The next area I would highlight, which builds on my investment theme, is the launch and roll-out of our refreshed customer portal, CVConnect, with its enhanced functionality which improves the amount of real-time data our customers have access to.

Enhancing our technology has been vital as we've grown the business, both organically and through the two strategic acquisitions we made three years ago. During FY24, we completed the final part of the integration of those acquisitions, migrating over 9,000 vehicles from inherited legacy technology systems on to our core SQL platform. We now have our entire 50,000+ fleet on that platform, with colleagues working from a consistent single application suite to deliver services to our customers. It's a significant achievement, particularly when you consider the additional 5,000 assets from our new customers have also been added this year on our core platform, showing the resilience of our business and the scalability of our platform.

Finally, I'd like to highlight securing the accreditation of ISO 45001 for our maintenance services part of the business. This was the culmination of a huge amount of work from colleagues and it reflects the focus we have on quality, making sure health and safety is the drumbeat that flows through everything we do.

Looking ahead, over the next 12 months we will continue to focus on profitable growth, taking advantage of market opportunities and continuing to expand our mobile service solutions, enhancing the flexibility of our maintenance solutions.

We'll also be focusing on the next phase of digitisation. We have a three-year digital roadmap to deliver, helping more of our customers embrace digital solutions and further enhance the capabilities of our market-leading technology.

Case study

Supporting G4S Cash Solutions with mobile maintenance solutions

Our MSUs offer a quick, convenient and flexible maintenance solution. Carrying out the work on our customer's sites and removing the need for the customer to travel to a garage, we aim to reduce our customer's downtime and emissions by taking a proactive approach to maintenance.

With all our Commercial customers, the challenge is providing the right solutions to keep their fleet operational in the most safe, compliant and cost-effective manner.

Customer specific solution
Becoming increasingly mobile-led for trailer and van assets, in 2023 we finished implementing a fixed price service solution for our customer, G4S Cash Solutions. Providing a dedicated MSU technician at each of their sites to maintain their fleet of vans.

Future focus
In FY24, our main focus was ensuring standard servicing was in place for G4S Cash Solutions with a look to manage more on-site maintenance in FY25, making the most of the time the technicians are on site.

94%
average vehicle uptime in FY24

Commercial division

We provide fleet operators with the most comprehensive range of services in the UK commercial vehicle management sector. Whether it's a small regional operation to a large national fleet, we keep our customers on the road 24/7/365.

Our Commercial proposition…

Fleet solutions

Expertise and experience
We've been at the forefront of commercial vehicle leasing and fleet management solutions for over half a century. We use our knowledge and experience to build systems and processes from the ground up to manage mission-critical fleets. Our people are commercial vehicle solution specialists, taking on the daily business of fleet management to keep both our customers, and the UK economy, moving.

Service breadth and scale
No other UK provider matches us for service breadth or capability, from asset funding and fleet management to repair and maintenance on a fixed or pay-as-you-go basis. Our specialist in-house teams manage customer fleets of more than 51,000 commercial vehicles and specialist assets; using our market-leading technology and systems we work hard to maximise fleet availability, control costs and ensure compliance.

With an unrivalled 3,000 strong third-party repair network with 99% operating on our proprietary core CVLink technology platform, along with over 100 MSUs and our specialist workshop in Glasgow, our scale and capabilities enable us to optimise our customers' fleet performance.

Trailer rentals

Configuration choice
Our 7,000 plus strong trailer rental operation serves the needs of over 230 fleet operators – including all the top ten businesses in the Motor Transport top 100 fleets, along with small- and medium-sized hauliers operating across the logistics, parcel, retail and manufacturing sectors.

We offer our customers more trailer configurations than any other provider – over 100 in total – ensuring the trailers our customers need are in the right place, and at the right price.

Flexible terms
With ten strategic trailer rental locations across the UK we have the means and the geographical infrastructure to support any commercial fleet. Whether it's a long-term lease or a short-term fix, we have the flexibility to support the widest range of requirements.

Commercial division
(continued)

...is delivered by our services...

Vehicle specification and procurement

- Support from initial specification through to vehicle build, delivery and beyond.
- Work with manufacturers to ensure each vehicle meets the customers' needs.
- Strong relationships with major vehicle, trailer and ancillary equipment supply partners put us at the forefront of vehicle and technology developments.

Fleet management solutions

- Our team manage availability, cost, safety and compliance whilst our customers focus on moving their business forward.
- Consultancy and relationship management.

Repair and maintenance

- Mobile service engineers carry out full vehicle and trailer diagnostics, reducing customer downtime by maintaining their fleet at their premise.
- Third-party network provides coverage of every configuration of vehicle, trailer and ancillary equipment.
- Our full service Glasgow workshop holds authorised repair status for a major OEM and is strategically located to support fleets operating in the region.

Leasing, short-term and flexible hire

- Offer innovative funding strategies to ensure our customers can afford what they need.
- Provide short-term to long-term leases at the most competitive total cost of ownership in the sector.
- Provide strategic input to help customers predict what they'll need all year round to make more cost-effective and efficient fleet choices.
- Share data and insights of fleet performance for full visibility to help with strategic planning.

Compliance and risk management

- Network management team apply robust standards and performance criteria to ensure our supply chain partners meet our "authorised repairer" status.
- Digitised processes and driver apps covering both scheduled events, like MOTs, and unscheduled events, such as breakdowns.
- Digital dashboard gives our customers a detailed view of their fleet compliance at any time.

Asset management and remarketing

- Remarketing experts provide insight about customer requirements, legislative changes and new innovations to help customers make confident choices when decommissioning and replacing old vehicles.
- Able to extend existing contracts until new vehicles are ready, ensuring a seamless transition.

...which are underpinned by digital enablement

Transparency and insight are everything when it comes to managing a fleet effectively.

Through our digital user-friendly platform, CVConnect, our customers have 24/7 access to all their fleet information in real time. Take a closer look at our data platform here.

Supply chain

During the fast-paced transition to BEVs, we're focused on finding ways to work more efficiently with our supply partners and ensuring that everything we do brings us closer to reaching our vision.

We work closely with our supply chain partners to develop strong relationships, based on shared values, that drive innovation and long-term business success as we navigate the road to net zero, together.

"As vehicle powertrains and technologies continue their rapid evolution, it has never been more important for Zenith to maintain strong supply relationships with industry-leading businesses. Together, we can be instigators of change to keep progressing our sustainability efforts and deliver the best possible driver experience."

Anthony Dowdall
Operations Director

Supply chain
(continued)

Case study

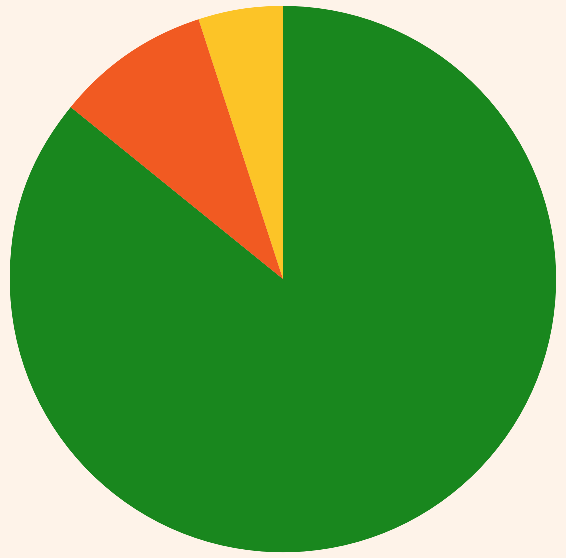
Supplier insight, engagement and collaboration

Objectives
In September, 44 of our top supply partners – ranging from manufacturers to IT and HR providers – completed our first Supplier Sustainability Survey. The survey aimed to:

- better understand the sustainability strategies of our key supply partners and test their alignment to ours
- gain an insight into how supply partners perceive our sustainability strategy, priorities and achievements
- understand how supported they feel by our business to deliver on their own sustainability strategy, and how they may support us with delivering our objectives.

Impact & value added
The results of the survey provided valuable insight to help us move our supplier relationships forward with shared sustainability goals.

% of supplier partners who have a sustainability strategy in place



Yes **86%**
No **9%**
Unsure **5%**

48%
of supply partners have a dedicated sustainability lead

Supply partners prioritise implementation of strategies internally and externally, although key blockers for supply partners in achieving sustainability objectives are:

Internal challenges:
Time, cost & resource

External challenges:
Role of third-parties, limitations in technology

Next steps
From the survey findings, we've identified an opportunity to further support our supply partners by providing relevant information and guidance on an ongoing basis. Our monthly insights blog, compiled by our consultancy team, helps highlight key industry developments and share best practice.

In June FY25, as part of our People Powered Impact plan, we will host a supplier webinar to help inform and educate our supply partners on key sustainability issues within the industry. We're also organising a supplier day to encourage collaboration across our sustainability strategies, working together to drive supply chain efficiencies with shared values.

We're also working with industry partners to help tackle external challenges ensuring voices from across the sector are heard.

Supply chain
(continued)

Case study

Working together on the road to net zero

Our Green Parts Initiative enables us to significantly reduce the amount of material and energy used when fitting vehicle parts across our maintenance and repair service, as well as our accident management service. In August 2023, we began partnering with SYNETIQ – a green parts supplier, who sell recycled and refurbished vehicle parts (excluding safety parts).

The key aims of the initiative are:

- to reduce Zenith's CO_2 emissions as we work towards net zero
- help our customers to reduce their emissions and reach their sustainability targets
- provide a cost saving for the business and improve efficiencies
- collaborate with a sustainably driven supplier to provide positive outcomes for both our customers and our business.

Commenting on our partnership, Tom Rumboll, SYNETIQ CEO, said:

"Sustainability is at the heart of everything we do at SYNETIQ. By supplying Zenith with quality green parts, we aim to increase their use across the supply chain to significantly minimise the environmental footprint of their repairs.

The vehicle recycling industry needs a battery recycling solution. As one of the UK's largest green parts supply partners, SYNETIQ is leading the way to provide much needed answers to the EV conundrum. Teamed with Zenith and other key stakeholders across the industry, SYNETIQ has created a working group of experts to collaborate to create future solutions and build a complete circularity for battery reuse, repair, recycle and resale."

SYNETIQ
an IAA company

Meet Ian Waspe, our Head of Manufacturer and Dealer Partnerships at Zenith

Not only have we brought new supply partners into the mix to help us reach our vision, but we've also invested in a new strategic role for the business. We were thrilled to welcome Ian Waspe as our Head of Manufacturer and Dealer Relationships in August 2023.

Ian's role builds on our existing vehicle manufacturer and dealer relationships, both from a strategic and tactical perspective, including securing the best in market discount terms with manufacturers, ensuring we have the strongest network for vehicle supply and building long-term supplier relationships as we work together to navigate the road ahead.

Commenting on his time at Zenith, Ian said:

"implementing a dedicated resource at a senior management level has elevated Zenith's presence within the manufacturer and new vehicle supplier landscape exponentially, giving us access to best-in-market discount terms and unique stock and marketing opportunities. Manufacturers are increasingly turning to Zenith for customer insight and market intelligence, due to our innovative and class-leading routes to market, which means that we can have valuable input into their future strategy."

Group financing and fleet funding

We utilise a range of corporate and asset funding solutions to finance the Group's operations and business growth.

This comprises of the investment of our shareholders (Bridgepoint and our management and employee shareholders), our £475 million Green Bond, and our range of asset funding programmes for the vehicle fleet. Our liquidity is maintained through the operational cash generation of the business, supported by our £65 million revolving credit facility, which remained undrawn for the whole of FY24.

£475m 6.5% 2027 Green Senior Secured Fixed Rate Notes ("Green Bond")[1]

Our Green Bond was issued in January 2022, and was the UK vehicle leasing sector's largest green bond. The bond supports the delivery of our sustainability strategy through the pledge to spend at least the equivalent of the gross proceeds on financing or refinancing eligible green projects, including BEVs, across its three divisions, in accordance with its Green Financing Framework. Our bond is rated by Moody's and S&P, who both affirmed their Stable B+/B1 rating during the year, although subsequent to the year end, Moody's placed the Group's long-term Corporate Family Rating and Senior Secured debt rating on review for downgrade.

Progress on our £475m Green Bond Pledge

In Q1 FY24, we met this pledge six months early, having spent the required £475 million, with the remaining balance to spend being nil.

At that point, we had 12,767 vehicles in the eligible portfolio, and had reduced or avoided 38,718.54 tCO_2e of annual GHG emissions. As at 31 March 2023, we had 11,410 vehicles in the eligible portfolio and had reduced or avoided 38,216 tCO_2e of annual GHG emissions. This equated to a spend on the eligible portfolio of £425.7 million, with remaining balance of unallocated proceeds of £49.3 million.

Fleet funding

Fleet leasing is capital-intensive and requires continuous access to a range of funding sources at attractive terms in order to maintain attractive margins.

We fund our receivables and residual values either on a principal or agency basis, depending on a range of factors, such as the characteristics of the asset, customer preference, available liquidity and attitude to risk and reward.

We are able to continue growing the size of our funded fleet due to the undrawn capacity under our securitisation facilities, in particular, but also due to the range of wholesale funding options we maintain.

We maintain a pipeline of new funders to ensure we maintain a broad and deep pool of liquidity to ensure sufficient headroom exists across our funding sources to facilitate the future growth in the funded fleet and to deliver our strategic initiatives.

We seek to fund most of our requirements through our securitisation facilities and the remainder with wholesale asset finance arrangements, such as secured back-to-back or hire purchase contracts, RV financing and agency funding.

Our securitisation facilities

We have over 13 years' background with our securitisation facilities, having implemented our first securitisation in 2011. As at March 2024, our securitisation facilities comprised a total of £975 million; £850 million within our non-bifurcated facility, "EFP" (where we fund both lease rentals and residual values of vehicles) and £125 million within our bifurcated securitisation facility, "FFL" (through which the lease receivables are funded by securitisation and the RV assets are funded by separate bilateral facilities). The revolving

£300m[1]
upsize in EFP securitisation completed in July 2024

B+/B1[2]
S&P/Moody's credit ratings unchanged, stable outlook

£119m
of available cash resources including £65m undrawn RCF

£1.9bn[3]
of diverse funding sources

£226m[4]
headroom on funding facilities

1. £150 million of the £300 million is committed and £150 million is uncommitted under an accordion structure.
2. In June 2024, Moody's placed Zenith's ratings on review for downgrade.
3. As at 31 March 2024. Includes £475m green bond and RCF.
4. Figures shown are as at 31 March 2024. In July 2024, the securitisation facilities were upsized by a net amount of £250 million.

Group financing and fleet funding
(continued)

period on these securitisation facilities, within which we are able to fund new receivables, extends to November 2025. Should we not extend the revolving period end date, the balance would start to amortise beyond this date.

On 31 March 2024, we had drawn £884.2 million on both of these securitisation facilities (31 March 2023: £715.2 million). We had also drawn £125.9 million on our separate bilateral RV facilities (31 March 2023: £144.4 million) where the lease receivables are funded by securitisation. These drawings compare to an aggregate amount of such securitisation and RV facilities of £1,107.0 million (£975.0 million in respect of bifurcated and non-bifurcated securitisation facilities, plus £132.0 million of RV facilities for the bifurcated programme).

Upsize of our EFP securitisation facilities

There was no material change in the nature of our funding facilities, including securitisation, RV, back-to-back and agency facilities during the year ended 31 March 2024. Subsequent to the year end, in July 2024, we increased the size of our EFP securitisation facility by up to £300 million with our existing lenders. This increase comprised £150 million of additional committed facility and an ability to upsize by another £150 million under an accordion, uncommitted facility. Including the accordion, the EFP facility size is £1.15 billion. The revolving period end date was retained at November 2025, enabling the facility to be increased on substantially the same commercial terms. As part of the agreement, the FFL facility was reduced by £50 million from £125 million to £75 million – which reflects the lower utilisation level and lower anticipated usage going forward. FFL funds the lease receivables only, with the residual value of vehicles being funded through separate RV facilities. The total facility size across both securitisation facilities following the increase, including the £150 million accordion, is £1,225 million.

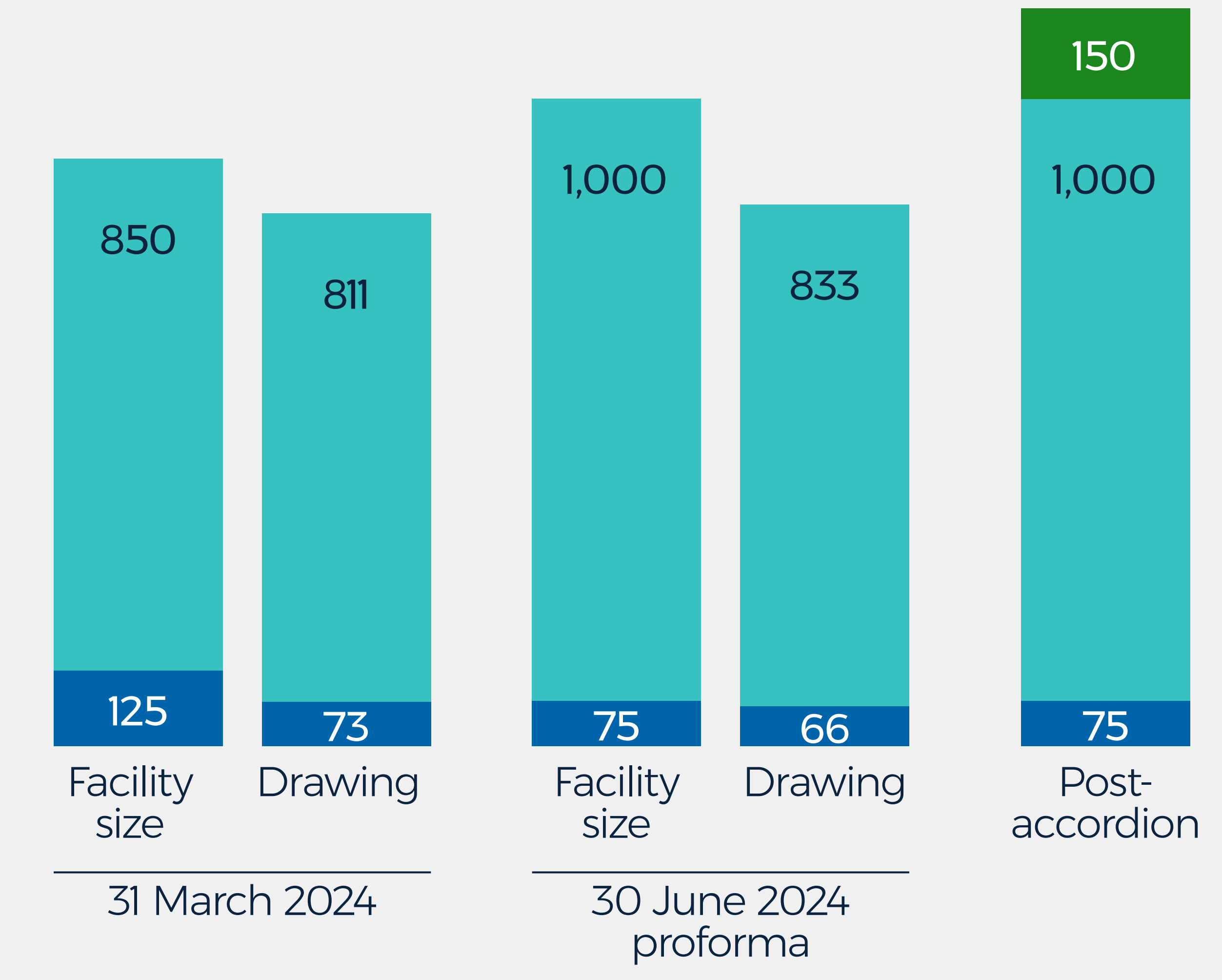
Terms of our securitisations

We fund the purchase of the majority of our vehicles through securitisation, which involves the sale of receivables (for both the EFP and FFL facilities) and a commitment to pay the residual value set at the start of the contract (for the EFP facility only) into the structure at the end of the lease under a sales agency agreement. We sell the vehicle on behalf of the securitisation entities, instead of taking title to the vehicle. The advance rates (the level that the funders will advance) on our securitisation programmes range from an average of 91% on RVs to 99% for receivables at their maximum level. The remaining amount, which is funded by the Zenith group, is the credit enhancement. The advance rates are stepped, according to: i) (for both EFP and FFL) – the default rate on lease receivables; and ii) (for EFP only) – the aggregate realisation ratio on the sale of the vehicles at the end of the lease contract. This is measured by the sale proceeds of the

Funding facilities

	As at 31 March 2024		
Funding Type	Facility Size	Drawings	Headroom
EFP Securitisation facility	850	811	39
FFL Securitisation facility	125	73	52
Total Securitisation facilities	975	884	91
Bilateral Residual Value facilities	132	126	6
Back-to-back facilities	147	98	48
Agency RV	146	131	15
Total vehicle financing facilities	**1,400**	**1,239**	**161**

Securitisation facilities, £m



Group financing and fleet funding
(continued)

vehicle and other end of contract receipts (including end of contract damage and excess mileage charges), compared to the residual value we have set at the start of the respective contracts. The advance rates apply to the whole drawings under the facility, so that should either of these two criteria indicate a reduced advance rate, this would be applied to the whole amount funded, and not future amounts drawn. The facilities are not subject to residual value mark-to-market testing or adjustments.

During FY24 we remained at full advance rates, with the weighted average 3-month RV advance rate at 31 March 2024 of 95%. Subsequent to the year end, in July 2024, the 3-month aggregate realisation ratio dipped below the first step of 105%, resulting in the RV advance rate reducing by 2% from 91% to 89% and a corresponding cash outflow of £8.7 million. This is expected to be a temporary position, with a lower proportion of BEVs being sold in FY25 principally as a result of extensions of these contracts through Project Volt, resulting in a recovery in the RV advance rate. The next step would be at 102.0%, with a corresponding reduction in the RV advance rate of 5.5%. This is not expected to happen in FY25.

Other protections on setting of residual values within the EFP facility include the requirement to fund a reserve for aggregate RVs set over 100% of market guide price at the time of quoting for the lease contract. We are well below this level and do not expect to have to fund this reserve in the future.

As part of the increase in the EFP facility size explained above, and in order to help counteract the impact of the recent fall in BEV RVs, we agreed to gradually contribute additional collateral into the EFP facility. This comprises: i) new business sold into the facility each month at the prevailing lower level of RVs, with a documented and fixed assumption of profitability level per unit; ii) the mitigation delivered through our ongoing lease extension programme, which is progressing well; and iii) the remaining balance being funded by cash injection. This collateral improvement will scale up evenly each month to the end of September 2025, starting with an initial cash injection in August 2024 of approximately £8 million, with, we estimate, a further £12 million of cash injected over the period to September 2025.

Wholesale funding sources

Our wholesale funding sources comprise back-to-back funding and agency funding. Neither type of funding method is subject to residual value mark-to-market, or changes to advance rates.

Back-to-back funding

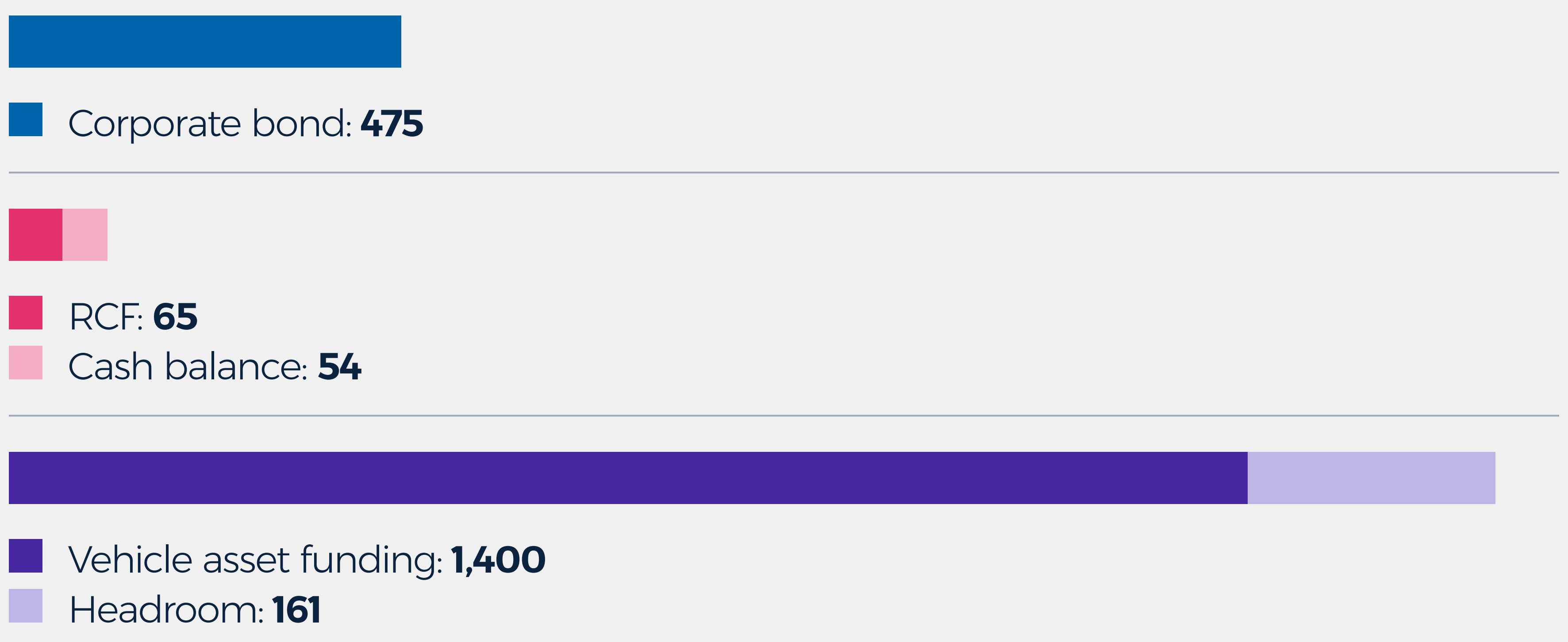
Back-to-back hire purchase funding is an arrangement whereby we buy a vehicle through a hire purchase contract funded by a financier and lease it on contract hire to customers on corresponding terms. As of 31 March 2024, we had drawn £98.1 million of funding commitments pursuant to back-to-back hire purchase agreements with financiers (31 March 2023: £147.7 million).

Agency funding

Agency funding is an arrangement whereby we contract as disclosed or undisclosed agent for a third party which finances the vehicle purchase and, in most instances, holds legal title to the vehicle. As such, we do not take balance sheet risk on the customer, and so we choose this funding method if the customer or contract does not fit within our risk appetite, or to fund surplus customer concentrations from the securitisation programmes.

For vehicles funded through agency arrangements, only the commitment to repurchase the vehicle at the end of the lease for the RV is recognised in Creditors on the balance sheet. A corresponding debtor is recognised, reflecting the value of the asset that will be acquired upon satisfying the commitment to repurchase. at 31 March 2024, the outsanding balance of vehicles subject to repurchase arrangements, within creditors, through agency arrangements was £130.6 million (31 March 2023: £69.1 million).

Funding sources and headroom (£m)[1]



1. As at 31 March 2024, a further £31.0 million of cash was held in SPVs and not freely available for use by the Group.

Finance, governance and risk

CFO's statement

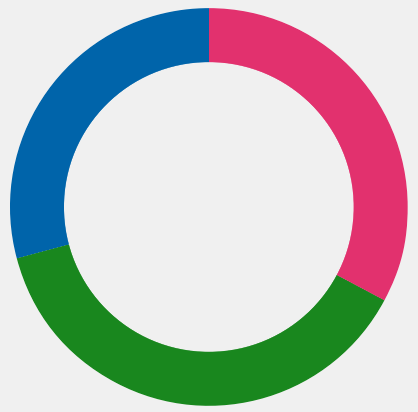
The economic challenges seen over the last year, such as lower consumer confidence and higher inflation, resulted in weakness in used car prices, in particular for BEVs, and lower termination profits.

However, our fleet and in-life income continued to grow, we continued to win new business and our liquidity remains strong. Combined with our actions to mitigate the current challenges, and the additional funding we secured after the year end, we are well placed for future growth.

Mark Phillips

Mark Phillips
Chief Financial Officer

High proportion of contracted and recurring income



- Contracted incomes 33%
- Scheduled incomes 38%
- Recurring incomes 29%

33%
from contracted incomes
Our vehicle leasing and fleet management contracts typically span three to four years, but some contracts for commercial vehicles can extend up to ten years, providing good visibility of future income streams into the medium term.

38%
from scheduled incomes
We generate a variety of recurring income through our ancillary services. While more ad hoc, these are predictable, e.g. short-term trailer rentals, rental brokerage and servicing, which is driven by usage. Other recurring income includes management of repairs and accidents.

29%
from recurring incomes
The majority of our scheduled income relates to the profits from the planned disposal of our vehicles at the end of the lease contract. In the majority of cases, we know the likely timing of these cash flows at the start of the lease, increasing predictability of these incomes.

16.1%[1]
turnover growth YOY

£62.1m
Adjusted EBITDA

111.1%
cash conversion

£226m[2]
headroom on funding facilities

1. Turnover for FY23 has been restated from £688.1 million to £679.0 million as a result of eliminating intercompany sales within the Commercial division. Cost of sales has also been reduced by the same amount resulting in no difference to gross profit at Group or divisional level. Further details can be found in note 27 of the financial statements.
2. Figures shown are as at 31 March 2024. In July 2024, the securitisation facilities were upsized by a net amount of £250 million.

CFO's statement
(continued)

Key performance indicators

We use a range of commercial, financial and other KPIs to monitor our business, including the size and growth of the fleet (comprising managed and funded fleet) and financial metrics such as adjusted gross profit, adjusted EBITDA, cash and cash conversion. We use adjusted EBITDA (reconciled to our statutory measures in the Glossary at the end of the report) as a KPI because it reflects the underlying performance of our business.

Fleet size and growth

The size of our total fleet grew by 1.0% compared to 31 March 2023 to 169,910 vehicles. Our total funded fleet, which carries a higher margin than our managed fleet, grew by 1.8% year-on-year with the Corporate funded fleet accounting for the growth and rising by 8.4% year-on-year. The Commercial funded fleet declined by 3.9% due principally to continued fleet rationalisation and the Consumer funded fleet declined by 17.0% on continued weak customer demand.

The total managed fleet of 92,514 vehicles grew by 0.3% year-on-year driven by growth in the Commercial division's fleet (which accounts for nearly 40% of the managed fleet), principally from two new customers won during the year, which added over 5,000 vehicles. This was partially offset by declines mostly in the Consumer managed fleet driven by weak customer demand.

Financial KPIs

(£000)	For the year ended 31 March 2024	Restated for the year ended 31 March 2023
Turnover[1]	**788,450**	678,981
Gross profit	**137,326**	173,359
Adjusted gross profit[2]	**134,419**	146,972
Operating (loss)/profit	**(49,719)**	48,257
Adjusted EBITDA[2]	**62,069**	79,405
Adjusted operating cash flow[3][4][5]	**68,963**	69,610
Cash conversion[3][6]	**111.1%**	87.7%

Financial KPI notes

1. Group Turnover and Commercial Turnover for the year ended 31 March 2023 has been reduced by £9.1 million, and Cost of Sales has been decreased by £9.1 million to eliminate intercompany turnover and cost of sales. There is no impact to adjusted gross profit in the division or the Group. See note 27 of the financial statements for details
2. The above financial KPIs are shown on a like-for-like basis across the periods. Please see the Glossary for a definition of like-for-like basis.
3. The adjusted operating cash flow for the year ended 31 March 2023 shown above is £5.5 million lower than that originally stated in the prior year Group's financial statements. The difference relates to prepaid financing costs incorrectly being treated as interest paid. See note 27 of the financial statements for details. Adjusted operating cash flow is reconciled to our statutory measures in the Glossary.
4. Adjusted operating cash flow for the year ended 31 March 2023 includes a one-off VAT claim of £12.5 million, adjusting for this the cash conversion would be 63.7% for the year ended 31 March 2023.
5. The adjustment noted in (3) above also has an impact on the Cash Conversion figure for the year ended 31 March 2023, which has been amended from 87.1%.
6. Cash conversion is based on adjusted EBITDA.

Fleet size and growth

(£000)	As of 31 March 2024	As of 31 March 2023
Funded fleet	**77,396**	76,034
Managed fleet	**92,514**	92,258
Total fleet	**169,910**	168,292

CFO's statement
(continued)

Results of operations

The table below sets out a summary of our income statement for the periods presented.

(£000)	For the years ended 31 March 2024	Restated For the years ended 31 March 2023
Turnover[1]	**788,450**	678,981
Adjusted cost of sales[1][2]	**(654,031)**	(532,009)
Adjusted gross profit[2]	**134,419**	146,972
Adjusted operating expenses[2]	**(72,350)**	(67,567)
Adjusted EBITDA[2]	**62,069**	79,405
Depreciation of owned tangible fixed assets[3]	**(5,067)**	(3,979)
Amortisation of goodwill	**(24,362)**	(24,359)
Amortisation of intangible assets[3]	**(31,892)**	(29,197)
Operating exceptional items[4]	**(2,022)**	(4,434)
Impairment of fleet vehicles[5]	**(51,352)**	–
Change to accounting estimates of RVs of fleet fixed assets	**2,907**	30,821
Operating (Loss)/profit	**(49,719)**	48,257
Finance costs (on other items)[6]	**(38,452)**	(40,066)
(Loss)/Profit before shareholder instruments and taxation	**(88,171)**	8,191
Finance costs (on shareholder instruments)[6]	**(84,573)**	(76,716)
Loss before taxation	**(172,744)**	(68,525)
Tax credit/(charge)	**16,537**	(2,839)
Loss for the financial period attributable to the shareholders of the group	**(156,207)**	(71,364)

A comprehensive set of statutory and non-statutory performance measures are described in the Glossary from page 193 of this report.

1. Group Turnover and Commercial Turnover for the year ended 31 March 2023 has been reduced by £9.1 million, and Cost of Sales has been decreased by £9.1 million to eliminate intercompany turnover and cost of sales. There is no impact to adjusted gross profit in the division or the Group. See note 27 of the financial statements for details.
2. We recognise in cost of sales the costs we incur in respect of assets subject to securitised contracts or hire purchase contracts, such as interest payable on the funding of long-term leases of such assets and depreciation of such assets over the course of their respective lives. The results of operations are prepared on a like-for-like basis across the periods. A comprehensive set of statutory and non-statutory performance measures are described in the Glossary from page 193 of this report.
3. In FY23, computer software assets were incorrectly classified as tangible fixed assets. These have now been re-allocated as intangible assets within the financial statements. Depreciation on these assets of £2.4 million during the year ended 31 March 2023 has been re-classified as amortisation of intangible assets. Further details can be found in note 27 of the financial statements
4. Operating exceptional items are costs that do not relate to the Group's normal business operations and which in management's judgement are considered material individually or in aggregate (if of a similar type) due to their size or frequency. The exceptional costs in the period to 31 March 2024 relate to: 1) transformation, project and restructuring costs; and 2) residual costs relating to the stock write-down during FY23. The exceptional costs in the period to 31 March 2023 relate to 2 items: 1) the write-down of new vehicle stocks purchased for the ZenAuto and salary sacrifice selling channels, and 2) market assessment and due diligence costs connected with two potential acquisitions which were considered but aborted.
5. During the year ended 31 March 2024, the Group saw a sustained drop in the residual values of Battery Electric Vehicles (BEVs). There was also a drop in the residual values of Internal Combustion Engine (ICE) vehicles albeit to a lesser extent. These were both identified as indicators of impairment and as such, the Group has undertaken an impairment assessment at the balance sheet date. An impairment charge of £51.4 million has therefore been recognised in respect of the year ended 31 March 2024. Further detail of the impairment can be found in note 2 (critical accounting judgements and key sources of estimation uncertainty) and note 12 (tangible fixed assets) to the accounts.
6. Finance costs (on other items) includes charges under the current £475 million senior secured notes and £65 million revolving credit facilities and historic payments made to set up these facilities, and costs incurred in operating the day-to-day banking of the business. Finance costs (on shareholder instruments) include non-cash shareholder Loan Note and Preference Share interest payable under the terms of those instruments. Interest on these balances is rolled on an annual basis. £4.6m of costs have been reallocated to reduce Finance costs (on shareholder instruments) and increase Finance costs (on other items) in the year ended 31 March 2023.

CFO's statement
(continued)

Divisional performance summary

The following tables present a summary of turnover and adjusted gross profit of each division.

Corporate[1]

(£000)	For the year ended 31 March 2024	Restated For the year ended 31 March 2023
Turnover[2]	**520,376**	403,266
Statutory gross profit	**104,797**	142,555
Adjusted gross profit	**84,986**	93,909
Fleet (units)	**56,795**	53,517

Consumer[1]

(£000)	For the year ended 31 March 2024	For the year ended 31 March 2023
Turnover	**85,474**	86,602
Statutory gross profit	**2,368**	900
Adjusted gross profit	**18,920**	20,659
Fleet (units)	**61,389**	68,008

Commercial

(£000)	For the year ended 31 March 2024	For the year ended 31 March 2023
Turnover[2][3]	**182,600**	189,113
Statutory gross profit	**30,161**	29,904
Adjusted gross profit	**30,513**	32,403
Fleet (units)	**51,726**	46,767

1. Figures are based on adjusted gross profit excluding impairment, the reassessment of RVs on funded fleet and exceptional costs.
2. Turnover of £13.0 million has been re-allocated from the Commercial division to the Corporate division for the year ended 31 March 2023, reflecting a mis-allocation of intercompany eliminations. There is no impact to adjusted gross profit in either division, or Group turnover or adjusted cost of sales, as the corresponding cost of sales elimination has also been re-allocated.
3. Commercial turnover and Group turnover for the year ended 31 March 2023 has been reduced by £9.1 million, and adjusted cost of sales has also been reduced by £9.1 million to eliminate intercompany transactions. There is no impact to adjusted gross profit in the division or the Group. See note 27 of the financial statements for details.

CFO's statement
(continued)

Comparison of results of operations for the years ended 31 March 2024 and 2023

Turnover

Group Consolidated
Turnover increased by £109.4 million, or 16.1%, to £788.4 million for the year ended 31 March 2024, from £679.0[1] million for the year ended 31 March 2023. The increase was a result of higher lease revenue, principally from the Corporate division, which grew 24% in the year, as a result of higher interest rates and the higher average price of vehicles driving higher lease rentals. Termination volumes across the group were 30% higher compared to the prior year, at 16,319 vehicles due to the higher availability of new vehicles, which enabled the release of vehicles from the order bank, which in turn had been inflated by supply chain constraints. This greater availability of supply, combined with lower consumer demand for vehicles also had an impact on the average price of vehicles sold, which declined on average during the year and resulted in termination proceeds from disposal of fleet fixed assets increasing by 26% year-on-year to £197.0 million. Short-term daily rental turnover in the Corporate division grew by 9% year-on-year due to price increases offsetting a small decline in rental days. Turnover in the Commercial division's trailer rental business declined by 5% year-on-year due to the consolidation of customer fleets, from the reduction in demand from the Covid peak.

Corporate
Turnover in the Corporate division increased by £117.1 million, or 29.0%, to £520.4 million for the year ended 31 March 2024, from £403.3 million[2] for the year ended 31 March 2023.

The Corporate division's total fleet grew by 6.1% year-on-year, or 3,278 vehicles to 56,795 vehicles, principally due to growth in the funded fleet, which accounted for 90% of the total fleet, and grew by 8.4% year-on-year.

The increase in turnover was primarily due to an increase in lease revenue, which grew by 24%; from higher interest rates coupled with the higher average price of the vehicles leased. Termination proceeds from the disposal of fleet fixed assets increased 22% year-on-year to £150.6 million, as a result of a higher number of terminations. Our short-term daily rental business, where revenues grew 9% year-on-year, continued to benefit from increased pricing year-on-year, however, volumes started to decline towards the end of the year as the shorter lead times for new vehicles, combined with the higher availability in the market for new vehicles reduced the demand for interim rentals.

Consumer
Turnover in our Consumer division was down 1.3% or £1.1 million at £85.5 million for the year ended 31 March 2024, compared to £86.6 million for the year ended 31 March 2023.

The Consumer division fleet declined by 9.7% or 6,619 vehicles to 61,389 vehicles, with declines mostly in our white label solutions business, which declined by 8.3%, or 4,724 vehicles. The white label solutions business represents the managed fleet and comprises 85% of the total Consumer division fleet. The funded fleet, represented by the ZenAuto brand, declined by 17.0% to 9,238 vehicles.

Turnover declined year-on-year as a decline in lease revenue, principally driven by lower fleet volumes, more than offset a rise in termination proceeds from the disposal of fleet fixed assets, which were up 57% to £41.8 million.

Commercial
Turnover decreased by £6.5 million, or 3.4%, to £182.6 million for the year ended 31 March 2024, from £189.1 million[1,2] for the year ended 31 March 2023.

The fleet within the Commercial division grew by 10.6% or 4,959 vehicles to 51,726 vehicles, principally due to growth in the managed fleet, which comprised 67% of the total Commercial fleet, and grew by 19.4% year-on-year.

Turnover in the Commercial division was lower compared to the prior year primarily due to a decline in the lease revenue driven by the lower funded fleet year-on-year, which declined 3.9%. Trailer rental turnover also declined by £2.3 million, or 5% year-on-year due to the lower utilisation rates, from a decline in market activity from the Covid peak. Volumes of terminations were 7% higher year-on-year, however, termination proceeds from the disposal of fleet fixed assets declined to £4.5 million due to a higher proportion of lower value trailers being disposed of compared to the prior year.

1. Commercial turnover and Group turnover for the year ended 31 March 2023 has been reduced by £9.1 million, and adjusted cost of sales has also been reduced by £9.1 million to eliminate intercompany transactions. There is no impact to adjusted gross profit in the division or the Group. See note 27 of the financial statements for details.
2. Turnover of £13.0 million has been re-allocated from the Commercial division to the Corporate division for the year ended 31 March 2023, reflecting a mis-allocation of intercompany eliminations. There is no impact to adjusted gross profit in either division, or Group turnover or adjusted cost of sales, as the corresponding cost of sales elimination has also been re-allocated.

CFO's statement
(continued)

Adjusted cost of sales

Adjusted cost of sales and adjusted gross profit are adjusted from the statutory cost of sales and gross profit metrics by removing the impact of reassessment of RV's – see page 200 for reconciliation.

Adjusted cost of sales increased by £122.0 million, or 22.9%, to £654.0 million for the year ended 31 March 2024, from £532.0 million[1] for the year ended 31 March 2023.

Adjusted cost of sales rose principally as a result of higher lease costs driven by increased interest rates year-on-year, also reflected in the growth in turnover, combined with a rise in the average cost of vehicles funded. The capital cost associated with vehicles terminated also rose, driven by both a rise in volumes, but also a rise in the average net book value of fleet fixed assets disposed of year-on-year.

Adjusted cost of sales represented 83.0% of turnover for the year ended 31 March 2024, compared to 78.4% of turnover for the year ended 31 March 2023.

We include in cost of sales the costs we incur in respect of assets subject to securitised contracts or hire purchase (HP) contracts, such as interest payable on the funding of long-term leases of these assets, and depreciation of these leases. Cost of sales also includes expenses associated with our in-life and fleet management services, and the net book value of the vehicles disposed.

The increase in cost of sales as a proportion of turnover was primarily due to the lower margins on vehicles sold; partially due to a decline in used vehicle prices (in particular for BEVs, which were loss making on average throughout the year, and also an increased share of the disposal volumes due to the higher level of BEVs within the fleet) but also due to the higher capital costs of the vehicles being sold. There was also an impact of higher funding costs for the period where order lead times were abnormally high, combined with the increase in interest rates during the period, resulting in the higher cost of funding not being fully passed through to customers due to the lag between order and delivery date. This reduced over the year as order lead times shortened and interest rates stabilised, and is now ended for all but a few vehicles.

Cost of sales also includes the funding costs of securitised and HP assets, which was £52.7 million for the year to 31 March 2024, compared to £24.5 million for the year to 31 March 2023. The cost increased year-on-year due to the higher fleet size, higher interest rates on new vehicles being funded, the higher value of the funded vehicles, and the resulting higher loans being advanced against the assets. We fix our funding cost at the inception of funding, which along with the fixed rate nature of our lease revenue, means our exposure to changing interest rates is limited only to the gap between the order date of the vehicle and delivery date, when the funding costs and lease rental payments commence. Cost of sales also includes £170.1 million of depreciation of securitised, HP and operating lease assets (£118.5 million for the year ended 31 March 2023). This was higher year-on-year principally due to the prior year period containing the £30.8 million reduction in depreciation in respect of the reassessment of RVs, whereas the adjustment for the year ended 31 March 2024 had reduced to £2.9 million. Excluding the impact of this adjustment, depreciation was higher as a result of the higher fleet size and the higher values of cars leased.

Adjusted gross profit

Adjusted cost of sales and adjusted gross profit are adjusted from the statutory cost of sales and gross profit metrics by removing the impact of reassessment of RV's – see page 200 for reconciliation.

Group Consolidated

Group adjusted gross profit decreased by £12.6 million, or 8.5%, to £134.4 million for the year ended 31 March 2024, from £147.0 million for the year ended 31 March 2023.

Adjusted gross profit, or income, was down year-on-year principally due to a decline in profit on disposal of fleet fixed assets, which was 34% lower at £34.7 million, with declines in profit across all divisions. Profits on our trailer rentals operations within our Commercial division were also lower year-on-year, driven by the lower utilisation rates, partially mitigated by the fleet rationalisation

1. Adjusted cost of sales for FY23 has been restated from £541.1 million to £532.0 million as a result of eliminating intercompany sales within the Commercial division. Turnover was reduced by the same amount. Further details can be found in note 27 and a reconciliation from statutory cost of sales can be found in the Glossary.

CFO's statement
(continued)

programme commenced during the year. Profit within our Commercial maintenance operations was lower due to inflationary pressure on our fixed price maintenance contracts. Lease margin was also lower across the Corporate and Consumer divisions, with the order lead time to delivery lag noted above being a key driver. These declines were partially offset by higher in-life incomes in both the Corporate and Commercial division, higher profits from the continued performance of our short-term daily rental business and higher lease margins in our Commercial division.

Corporate
Adjusted gross profit in the Corporate division decreased by £8.9 million, or 9.5%, to £85.0 million for the year ended 31 March 2024, from £93.9 million for the year ended 31 March 2023.

The key driver of the decline in income was the decline in termination profits on fleet fixed assets, which were down 37% year-on-year to £27.4 million, combined with lower lease margin.

Termination volumes of fleet fixed assets for the year-to-date period were 22% higher but were offset by a decline in average profitability, particularly for our BEV disposals, which were loss making, on average, for the year. This was a result of a combination of lower average sales price and higher book value of the vehicles disposed.

This was partially offset by a rise in in-life income, driven by the benefits of purchasing initiatives and rebates, combined with higher income from short-term rental (mostly from higher rates, with a slightly lower number of rental days year-on-year).

Consumer
Adjusted gross profit in the Consumer division decreased by £1.8 million, or 8.7% to £18.9 million for the year ended 31 March 2024, from £20.7 million for the year ended 31 March 2023.

Adjusted gross profit decreased principally as a result of lower margins on leases combined with lower termination profits on fleet fixed assets which were down 16% year-on-year to £4.9 million driven by higher volumes of terminations of fleet fixed assets, which were up 75% year-on-year being offset by lower average selling prices.

For the year as a whole, ZenAuto remained profitable at an adjusted gross profit level although returned a loss after accounting for overheads.

Commercial
Adjusted gross profit in the Commercial division decreased by £1.9 million, or 5.8%, to £30.5 million for the year ended 31 March 2024, from £32.4 million for the year ended 31 March 2023.

The decrease was mostly due to higher lease margin and in-life income, being offset by lower profits in the trailer rental business, combined with lower profits in our maintenance operations due to inflationary cost pressures and lower profit on the sale of vehicles, with higher termination volumes year-on-year being offset by lower average sales prices.

CFO's statement
(continued)

Impairment and reassessment of RVs

The Group holds the vehicles leased to customers under operating leases as tangible assets on its consolidated balance sheet. Under FRS 102 (as under international accounting standards), we are obliged to reassess RVs of fixed assets, and therefore depreciation, where there has been an indication of change to those RVs, such as a sustained change in market prices.

During the year ended 31 March 2024, the Group saw a sustained drop in the residual values of BEVs and whilst some stabilisation was witnessed towards the end of the financial year, a significant recovery was not made. This decline was also experienced, albeit to a lesser extent, by certain ICE vehicles whose residual values had been set during a prior period of elevated prices.

In addition, a number of these vehicles, including both BEV and ICE vehicles, had received an upwards reassessment of their RVs in the year ended 31 March 2023, due to the sustained increase in used vehicle prices mainly during the year to 31 March 2022.

As a result, we have altered our accounting estimates in two respects in the year ended 31 March 2024:

1. Impairment charge – A charge of £51.4 million, has been recognised in respect of the year ended 31 March 2024, comprising: i) a £16.2 million reversal of the previous RV reassessment, split £9.3 million relating to ICE vehicles and £6.9 million relating to BEV vehicles; and ii) £35.1 million of additional impairment, comprising £29.6 million relating to BEV vehicles and £4.8 million relating to ICE vehicles.
2. Reassessment of RVs – A number of vehicles that were subject to an upwards reassessment of RVs as a result of the sustained increase in prices noted above were not affected by the impairment and instead continue to receive an upwards adjustment to their RV, recognised through reduced depreciation. This reduced depreciation, in respect of 6,749 vehicles, resulted in a credit of £2.9 million in the year ended 31 March 2024.

Adjusted operating expenses

Adjusted operating expenses increased by £4.8 million, or 7.1%, to £72.4 million for the year ended 31 March 2024, from £67.6 million for the year ended 31 March 2023.

Adjusted operating expenses were higher mainly due to increased people costs and costs associated with our IT operations, services and infrastructure, reflecting inflationary rises and additional investment into the business to support its future growth. Additionally, we incurred £799k of bad debt costs across the year, mostly relating to two customers within our Corporate division; the majority relating to a daily Rental customer that went into administration in Q1 FY24, accounting for around £600k, and circa £100k relating to a Corporate company car scheme customer that went into administration in Q2 FY24. This increase in adjusted operating expenses was partially offset by reduced overhead spending within our ZenAuto business, as we respond to the continued market weakness and lower volumes.

CFO's statement
(continued)

Adjusted EBITDA

Adjusted EBITDA decreased by £17.3 million to £62.1 million for the year ended 31 March 2024 from £79.4 million for the year ended 31 March 2023.

Adjusted EBITDA was lower for the year due mainly to the lower adjusted gross profit across all divisions, which declined by £12.6 million, driven by the challenging economic backdrop; notably lower used vehicle prices (reducing the level of RV profits), lower consumer demand and a period of higher inflation. These factors were combined with higher overheads, which increased year-on-year principally due to the higher salary and technology costs, driven by the cost-of-living pay increase and inflation, and resulting in a decline in adjusted EBITDA.

Exceptional items

Exceptional items relate to costs or income that we judge to fall outside the ordinary activities of the business and are material. In the year ended 31 March 2024, we incurred exceptional costs of two types:
i) £1.9 million in respect of transformation, project and restructuring costs; and
ii) £0.1 million in respect of residual costs relating to the stock write-down during FY23.

Finance costs

Finance costs (on other items) increased by £1.6 million, or 4.0%, to £38.5 million for the year ended 31 March 2024, from £40.1 million for the year ended 31 March 2023. Finance costs (on shareholder instruments) increased by £7.9 million, or 10.2%, to £84.6 million for the year ended 31 March 2024, from £76.7 million for the year ended 31 March 2023. The increase was due to the increased non-cash Loan Note and Preference Share interest, from the annual compounding of interest.

Tax charge

The tax charge decreased by £19.4 million, to a credit of £16.5 million for the year ended 31 March 2024, from a charge of £2.8 million for the year ended 31 March 2023 principally due to a deferred tax credit in relation to the impairment recorded in the accounts. Further details are included in note 9 to the accounts.

CFO's statement
(continued)

Historical cash flows

The following table sets forth cash flow information for the periods presented. A non-statutory cash flow presentation is presented in the Glossary and the end of this report, to assist the understanding of our cash flow.

Net cash flow from operating activities

Net cash inflow from operating activities for the year ended 31 March 2024 increased by £5.6 million, to £188.9 million, from an inflow of £183.3 million.

The increase was driven by higher operating cashflow, offset by lower working capital.

Tax paid

For the year ended 31 March 2024, cash tax payments of £5.2 million were made. £3.5 million of these payments related to payments on account for the year ended 31 March 2024, with £1.7 million relating to balancing payments made in relation to the year ended 31 March 2022. Payments of £4.5 million were made in the year ended 31 March 2023, which all related to payments on account towards that year's corporation tax liability.

Net cash used in investing activities

Net cash used in investing activities decreased by £51.0 million, to a cash outflow of £329.5 million for the year ended 31 March 2024, from a cash outflow of £380.5 million for the year ended 31 March 2023.

Higher proceeds from the sale of operating lease assets, which were up £40.8 million combined with £28.3 million higher receipts from unfunded operating lease assets, which were driven by the higher termination volumes, offset the higher purchases of operating lease assets, which were up £24.6 million.

Net cash flow from financing activities

Net cash inflows from financing activities decreased by £55.1 million, to an inflow of £151.5 million for the year ended 31 March 2024, from an inflow of £213.7 million for the year ended 31 March 2023.

The lower inflows in the year were due to a higher level of repayment of borrowings, which were up £80.4 million year on year, partially offset by higher drawdowns of funding, which were up £19.1 million year on year.

There was no drawdown or repayment of the Group's current revolving credit facilities in the period ended 31 March 2024. The level of interest paid increased by £0.9 million to £33.7 million for the year ending 31 March 2024, from £32.7 million for the period ended 31 March 2023.

Historical cash flows

(£'000)	**For the year ended 31 March 2024**	For the year ended 31 March 2023
Net cash flow from operating activities[1]	**188,898**	183,284
Tax paid	**(5,240)**	(4,493)
Net cash flows used in investing activities[1]	**(329,483)**	(380,513)
Net cash flows from financing activities[1]	**158,613**	213,741
Net increase in cash and cash equivalents	**12,788**	12,019
Cash and cash equivalents at start of period	**72,187**	60,168
Cash and cash equivalents at end of period	**84,975**	72,187

1. Net cash flow from operating, investing and financing activities in FY23 have been restated as a result of prepaid financing costs being incorrectly being treated as cash paid, additions of non-fleet tangible assets being incorrectly classified in the cash flow statement and as a result of intragroup vehicle transfers not being correctly eliminated. Further details can be found in note 27.

CFO's statement
(continued)

Interest rate exposures

The Group has limited exposures to fluctuations in interest rates. The lease contracts to customers are priced on a fixed rate, at the date of the vehicle order. The securitisation facilities are based on a floating rate of SONIA + margin, and swapped to fixed rates through the use of interest rate swaps and caps. These are entered into on a monthly basis to ensure that the interest on the borrowings under the fixed rate matches the interest earned on the lease receivables. For our other forms of wholesale funding, such as back-to-back, the interest is fixed at the time the lease receivables are funded. Therefore, the interest rate exposure is principally limited to the impact of the timing difference between the pricing of the lease contract, at the point of order, to the date of delivery. During FY23 and FY24, the impact became unusually large, due to a simultaneous combination of i) the long order lead times, due to the supply chain challenges post-Covid; and ii) the rapid rise in interest rates, which affected a cohort of vehicle contracts. The impact is now principally resolved, as the order lead times have normalised and interest rates have stabilised.

The coupon on the £475 million senior secured notes is at a fixed rate of 6.5%.

Liquidity

Our principal source of liquidity on an ongoing basis, including for the purposes of funding credit enhancement costs in respect of our securitisation facilities, is expected to be our operating cash flows. We also maintain a revolving credit facility in the amount of £65.0 million, which was undrawn throughout the year and as at 31 March 2024. As such, the financial covenant test under that facility was not tested.

The Group had an aggregate cash balance as at 31 March 2024, of £85.0 million (31 March 2023: £72.2 million), of which £31.0 million (31 March 2023: £18.3 million) relates to cash balances held within the special purpose vehicles that are part of our securitisation structures. Therefore, the Group had total liquidity of £119.0 million (31 March 2024: £118.9 million), comprising freely available cash resources at 31 March 2024, of £54.0 million (31 March 2023: £53.9 million), in addition to the undrawn capacity on the £65.0 million revolving credit facility.

Bond purchases

We may, from time to time, purchase our notes for cash in open-market purchases and/or privately negotiated transactions upon such terms and at such prices as we may determine. We will evaluate any such transactions in light of then-existing market conditions, taking into account our current liquidity and prospects for future access to capital. The amounts involved in any such transactions, individually or in the aggregate, may be material.

Off-balance-sheet arrangements

At 31 March 2024, our only material off-balance-sheet item relates to vehicles funded through agency arrangements. For vehicles funded under such arrangements, only the commitment to repurchase the vehicle at the end of the lease for the RV is recognised on the balance sheet. At 31 March 2024, the outstanding balance of vehicles subject to repurchase arrangements through agency arrangements was £130.6 million (31 March 2023: £81.4 million), reported as "Vehicles subject to repurchase agreements". By contrast, the outstanding rentals balance is reported on the agency funder's balance sheet.

This strategic report has been approved by the Board and signed on its behalf by:

M T Phillips
Director

27 July 2024

Risk management overview

Our well-developed risk management process outlines clear responsibilities for monitoring and managing risks that may impact our business.

Risk management process

The following model shows our approach to risk – from identification of the risks we face, through our assessment, to how we monitor and deal with risks.

Risk identification
What is the risk?

Risk assessment and quantification
How big and how likely is it?

Risk monitoring
Has the risk changed in nature, scope, likelihood or impact?

Risk mitigation
What is being, or can be, done to address it?

Risk management framework

Risks are managed on an ongoing basis and are captured in a risk register, identifying the risk area, the likelihood of the risk occurring, the impact if it does occur, the controls in place to mitigate the risk, and any actions being taken to bring the risk back within risk appetite.

The Leadership Board's role is to consider whether given the risk appetite of the Group, the level of risk is acceptable – view the Leadership Board's decision-making structure under Responsibilities.
The Board has assumed the role and responsibilities of the Enterprise Risk Committee, which ensures better alignment with its decision-making.

1 First line of defence

- Operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.
- Dedicated resource assists with ensuring these control frameworks are embedded and fit for purpose.
- Operational controls are designed to maintain an appropriate control environment, prevent customer harm and deliver great customer outcomes.

2 Second line of defence

- Comprised of compliance and other functions.
- Provide specialist support, guidance and assistance in creation and implementation of policies.
- Complete monitoring to assess effectiveness of first line control frameworks to confirm positive customer outcomes are being delivered in compliance with regulatory requirements. Results of oversight activity are reported to relevant committees.

3 Third line of defence

- Assurance on the effectiveness of governance, risk management and internal controls, including first and second line of defence controls.
- The Compliance team oversee regulated checks for the third line of defence, along with external parties who carry out audits and IT controls.

Risk management overview
(continued)

Responsibilities

The Holding Board

- Determine the Group's risk appetite.
- Ensure appropriate and robust systems of risk management and internal controls are in place to identify, manage and mitigate risks to the overall viability of the Board and the Audit Committee.
- Promote a culture of risk management.

The Leadership Board

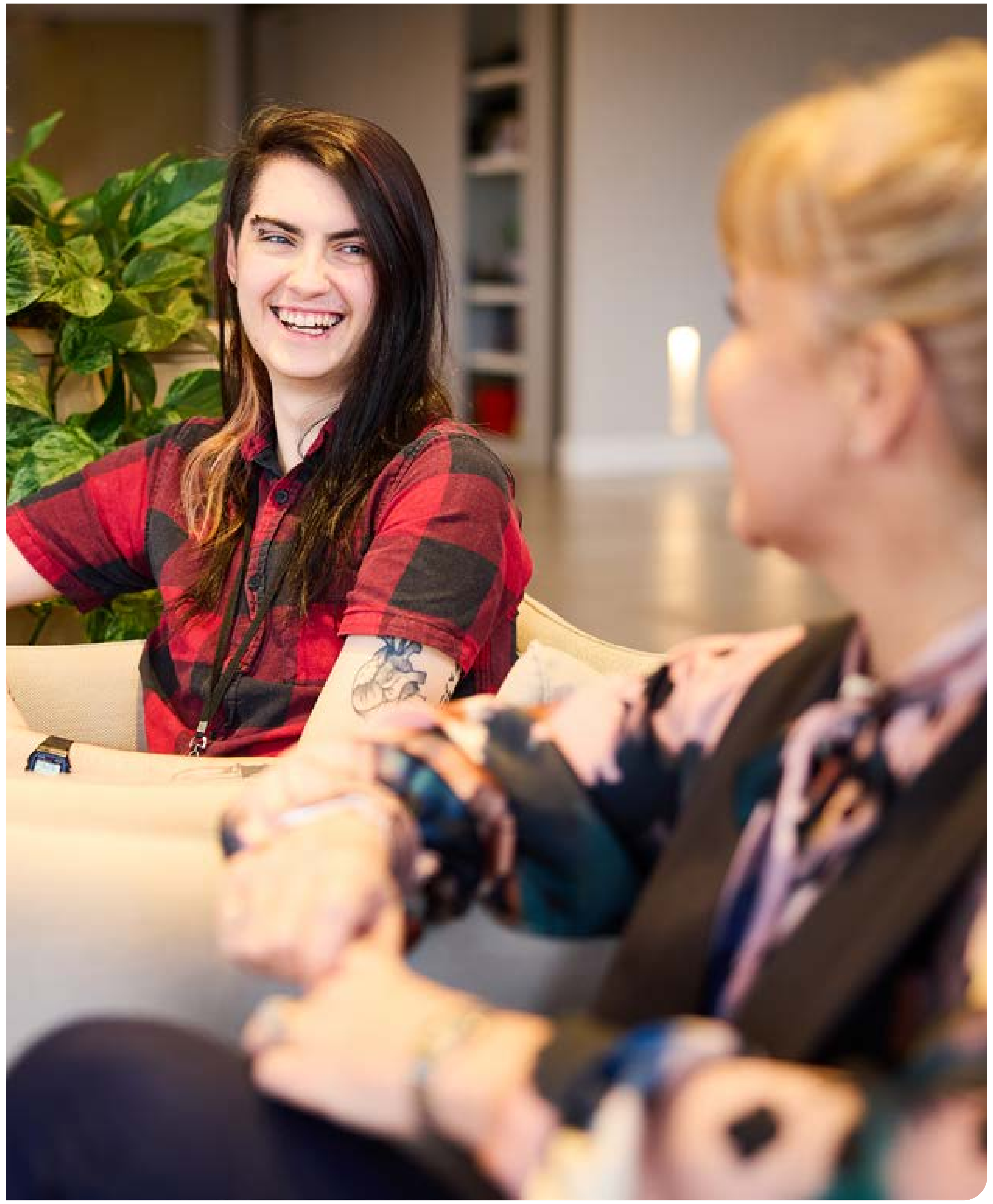
- Overall responsibility for overseeing the Group's risk management and internal control processes.
- Consideration of enterprise risks and any subsequent recommendations.
- Assess risks escalated through the Executive Committees.
- Assess the scope and effectiveness of the Group's internal controls and risk management.
- Agree the scope of the external audit functions (and any ad hoc work commissioned that covers risk management) and review their work.
- Escalate risks outside of tolerance, and any emerging risks, to the Holding Board.
- Promote culture of risk management, leading by example.

Divisional and functional teams including Executive Committees (first line of defence)

- Identify, assess, monitor, manage and mitigate risks, and exploit opportunities.
- Ensure corrective actions to mitigate risks and address control deficiencies.
- Embed risk management and internal controls in business as usual.
- Promote a culture of risk management.
- Escalate any out-of-tolerance or emerging risks to the Leadership Board.
- Ensure that policies and processes mandated by the Board are enacted.

Risk and compliance teams (second line of defence)

- Independent of the first line of defence
- Provide independent assurance on the effectiveness of operational controls and risk management processes.
- Establish appropriate policies, and provide guidance, advice and direction on implementation for all Zenith employees and any relevant stakeholders.



Risk management overview
(continued)

Be the leader in our chosen markets
Create the best employee experience
Operate sustainably
Make a positive impact on society
Grow a digitally-relevant business
Create value for our stakeholders

Risk	Why is it a risk to Zenith?	Potential impact of risk	Risk appetite	Controls	Governance	Notable events in the year
Interest rate risk	The majority of Zenith's lease contracts are based on fixed rates which we finance initially at variable rates, which are converted to fixed rates through the use of swaps. Additionally, we price contracts at the point of order, based on the prevailing market interest rates. Interest rates may change between the date and the date the vehicle is purchased and funded.	Ability to deliver profitable growth. Ability to service debt on vehicle funding or other forms of debt.	Low	We implement a combination of interest rate swaps and other derivatives to reduce exposure to within our risk appetite level. We regularly monitor our exposure to interest rates and perform sensitivity analysis periodically to assess ongoing risk level. Securitisation facilities include an obligation to transact interest rate hedging (using caps and swaps). Term debt is based on fixed rate.	Policy and approach governed at Board level. New contractual obligations subject to delegated authority and directorial involvement in review process.	Interest rates have remained high this year, with expectations of reduced rates not being realised.
Residual value risk	Zenith provides principally contract hire products to customers, whereby the vehicle ownership reverts to Zenith at the end of the contract; we take the risk/reward of selling that vehicle for more than the carrying value in our books.	Volatility in price of used vehicles impacts profit and cash flows. Ability to service debt on vehicle funding that is linked to the residual value (RV).	Medium	Residual Value Committee determines policy, approach and decision-making. Separation of RV risk team, RV decision-making and reporting lines from customer-facing roles (including the sales, CRM and new business teams), ensuring independence and eliminating any possible conflict of interest. RV risk team comprises experienced individuals in various fields (e.g. data science), not just in the automotive field.	Residual Value Risk Committee sits quarterly and is chaired by the Group CFO.	RVs reduced from their abnormal highs, due to a combination of supply and demand factors, including reduced demand for second-hand vehicles due to low consumer confidence associated with the cost-of-living crisis, and the increased supply of second-hand vehicles from the unlocking of supply chains, enabling leasing companies to convert their order banks and increasing the supply of vehicles from the sale.

Risk management overview
(continued)

Be the leader in our chosen markets	Create the best employee experience
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Risk	Why is it a risk to Zenith?	Potential impact of risk	Risk appetite	Controls	Governance	Notable events in the year
Maintenance risk	Zenith provides at-risk maintenance products to customers, i.e. Zenith takes the reward of a monthly payment, in return for assuming maintenance risk on behalf of customers. Higher inflation increases the associated costs of delivering the service, whilst the revenue remains fixed.	Volatility in costs impacts profit and cash flows.	Medium	As per residual value risk above. In addition, we mitigate risk via contractual positions with customers, e.g. commitments regarding mileage or vehicle use/condition. Including inflationary clauses in contracts and resetting inflationary assumptions when renewing contracts.	As per residual value risk above.	Higher levels of inflation, in part due to lack of parts and labour availability, have increased the cost of providing the maintenance service and reduced profitability.
Credit risk	Zenith provides financing to customers that is, in most cases, effectively back-to-back with funding arranged with third parties; if customers cannot meet their obligations to Zenith, the business must nonetheless meet its obligations to the funder, in essence taking a credit risk on the customer. For fleet management and short-term daily rental customers, Zenith's exposure is limited to the uninvoiced and invoiced outstanding debt.	If a customer delays payment or defaults on its payment obligations, Zenith may incur losses and adverse cash flows in respect of this customer.	Low	Credit Committee determines policy, approach and decision making. Separation of credit risk team, credit decision making and reporting lines from customer-facing roles (including the sales, CRM and new business teams), ensuring independence and eliminating any possible conflict of interest. Credit risk team is comprised of experienced individuals in financial analysis and credit risk management. In the case of consumer credit (ZenAuto), there is a technology-led approach to risk assessment and a high bar for credit applications, with relatively minimal scope for intervention.	Policy and approach governed at Board level. Policy and practice that all new business is, first, subject to credit risk assessment by the credit risk team before accepting a new customer. Regular reviews of all corporate and commercial customers each financial year. In the case of ZenAuto, regular review of credit applications from customers each financial year.	No substantial defaults or delinquencies during the year, either on a corporate or consumer basis. Two Corporate customers went into administration during the year, for which we recognised £700k of bad debt costs.

Risk management overview
(continued)

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Risk	Why is it a risk to Zenith?	Potential impact of risk	Risk appetite	Controls	Governance	Notable events in the year
Liquidity risk	Zenith relies on available cash and debt resources to manage its finances on a day-to-day basis, but also to act as a backstop to any funding need in respect of growth or refinancing of the vehicle fleet. Zenith also relies on its funding providers to deliver operational liquidity.	Ability to deliver profitable growth. Ability to service debt on vehicle funding or other forms of debt. Ability to fund strategic initiatives.	Low	Customary treasury and cash controls, such as planning and forecasting cash, liquidity and vehicle funding needs. Close monitoring of vehicle funding facilities to mitigate risks of non-compliance and any risk of shortfalls in funding availability against asset classes or customer categories.	Policy and approach governed at Board level. Funding Committee (linked to Credit Committee) to monitor current and forecasted limits, headroom and availability of funding. Board-level oversight and review of ongoing compliance and any proposed, material changes to funding capacity or liquidity.	Subsequent to the year end, the securitisation facilities were increased by up to £250 million, including £100 million of committed facilities and an accordion structure allowing for an additional £150 million of capacity.
Information security risk	Zenith is a technology-led business, with services founded on IS/IT solutions that deliver valuable services for customers.	Ability to deliver profitable growth.	Low	IT controls identified and deployed in line with best practice guidance and externally validated through adherence to internationally recognised standards.	Policy and approach governed at Board-level, with oversight and review of ongoing compliance.	Completion of our migration to the cloud delivering and enabling further risk reduction and improved service stability. Continued transformation of our IT landscape, with the Commercial division deployed onto our new single asset management platform, Miles.
Regulatory compliance risk	Zenith includes entities that are authorised and regulated by the Financial Conduct Authority. They provide regulated products and services in its Corporate and Consumer divisions.	Ability to deliver profitable growth.	Low	Systems, processes and controls are described in the Governance section of this report. In addition, the general control environment described in this Risk Management section applies particularly to this risk.	Policy and approach governed at Board level. Board level oversight and review of ongoing compliance and any proposed, material changes to regulated products and services.	No material events or changes.

Risk management overview
(continued)

- Be the leader in our chosen markets
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Risk	Why is it a risk to Zenith?	Potential impact of risk	Risk appetite	Controls	Governance	Notable events in the year
Health and safety risk	Within our Commercial division, in particular, we operate depots, workshops and mobile units that expose our employees to inherent risks of accident or injury. Elsewhere within the Group, our employees tend to be office- or home-based and such risks are not relevant or more remote.	Ability to deliver profitable growth and positive cash generation. Ability to retain and care for our employees. Reputational and compliance risks.	Low	Risks are assessed, monitored and controlled via the Health & Safety Committee. Day-to-day operations are controlled and monitored by designated health & safety employees within the business. Whistleblowing hotlines, employee forums and other means of communicating health & safety risks or concerns.	Policy and approach governed at Board level. Health & Safety Committee sits monthly.	We continued to invest in the health & safety compliance of our Commercial sites over the course of the year.
Counterparty risk	Zenith is reliant on external banking counterparties to: i) hold its liquid assets in the form of cash; ii) provide contingent liquidity via the revolving credit facility (RCF) and iii) to provide derivatives for its securitisation programmes.	If a party defaults on its obligations, Zenith may incur losses or find liquidity unavailable.	Low	Exposures are to either UK clearing banks or non-UK Global Systemically Important Banks and are monitored regularly.	Policy and approach are governed at Board level. All derivatives are transacted under existing ISDA agreements.	No notable events this year.

Please see the TCFD section on pages 102 to 115 for details of specific risks associated with climate.

Risk management overview
(continued)

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Recurring risks

In addition to the recurring risks noted here, there are a number of other, more temporary risks that were faced by the business in FY24. These are noted below, including actions taken where appropriate.

Automotive industry supply chain risks

FY24 saw a continued recovery in the supply of new vehicles, following the disruption caused by Covid and the Ukraine war. As a result, lead times have returned to normal levels, leading to an unlocking of new lease orders and consequently a reduction in lease companies' order banks. This in turn caused an increased supply of vehicles into the used vehicle market, particularly for BEVs, which was a key factor in the decline in prices experienced during the year along with lower consumer demand.. Price actions by some manufacturers earlier in 2023 also contributed to this decline.

Towards the end of the year, prices appeared to stabilise as leasing companies' order banks reached normal levels, and BEV prices approached parity with those of ICE vehicles. As Zenith retains the residual value risk/reward on the vehicle, a change in the price of used vehicles directly affects the level of profits achieved on the sale of the vehicle at the end of the lease.

The Board takes these developments seriously and keeps the changing nature of this risk under review, particularly in terms of its impact on Zenith's performance and prospects, and the delivery of its strategy.

Pricing risks

Linked to this risk is the connected (but separate) risk of pricing and margin erosion. While Zenith does not suffer margin risk when a vehicle is live and funded (i.e. received by a customer and funded by Zenith), Zenith does bear some risk of the movement in its cost of funds between the date of quote and the date of vehicle delivery. This risk can be mitigated by building in an expectation of a change in the cost of funds (e.g. by assessing forward curves for GBP swap rates), but this necessarily involves uncertainty.

FY24 saw the continued increase in interest rates, albeit at a slower pace, to address inflation which remained stubbornly high through much of the year. Order lead times reduced over the year, reaching normalised levels by the end of the financial year. The combination of both increasing interest rates and higher than normal order lead times caused some margin erosion during the year, given that many vehicles had been priced in a lower interest rate environment. However, this impact reduced during the year as order lead times shrank and growth in interest rates slowed. New orders joining the order bank were priced at the higher, and more stable, interest rates and combined with the shorter lead time, which led to a much-reduced gap.

This risk is monitored and managed through the oversight of the Pricing Committee and regular margin reviews.

Inflationary and macroeconomic risks

Inflation declined throughout FY24, starting the financial year at a double-digit rate, and decreasing to reach 3% by March 2024. The impact of the earlier higher inflation rate period continues to be felt, however, with interest rates remaining higher than expected, and consumer confidence remaining weak. The resulting growth in costs continued to impact our maintenance operations; where the majority of our contracts are priced to the customer on a fixed rate, but our costs remain variable. In addition, weak consumer confidence affected volumes of new leases, particularly in our Consumer division, with consumers reluctant to make new significant financial commitments.

To address these challenges, the pricing of our maintenance contracts is reset at the point of renewal, ensuring that these incorporate the current inflationary environment. We've also reduced our fixed costs within our Consumer division, whilst we await the return of consumer confidence.

The Board closely monitors the development of the macroeconomic environment and its impact on its customers, supply partners and the vehicle financing markets. It considers that the diversity of the Group to different end markets, customer types and product solutions, combined with the longer-term nature of our income streams and the focus on the prime end of the market should largely mitigate the impact of these challenges.

Residual value risk management

Zenith offers a variety of leasing and fleet management services, but the predominant product is contract hire. Providing leases on contract hire means that Zenith retains the RV risk/reward on the return of a vehicle from a customer.

Bradley James
Head of Pricing and Risk

At the inception of the lease, the expected residual value of the vehicle at the end of the contract is set and this forms a component of the lease pricing.

The realised value (sales price, less costs to sell) at the end of the contract may be different to the residual value set at the start of the contract (which corresponds to the carrying value of that vehicle on the books) and result in a profit (or loss) in the P&L.

RV risk, including the setting of residual values, is governed by an RV committee (see Governance section) and day-to-day management of these positions is undertaken by a combination of the RV risk and remarketing teams. This includes the procedures of setting residual values, implementation of policy and approach, through to the disposal of vehicles and realisation of disposal proceeds. These teams are independent of the sales and marketing teams within the business, which reduces the risk of competing interests influencing RV positions.

96%
of Zenith vehicles sold through auction in FY24

91
BEV model derivates

In 2019, Zenith's entire BEV fleet was composed of 12 models. As the market offering has developed, Zenith's current BEV fleet has become more diverse and now comprises 91 unique models.

Residual value risk management
(continued)

£673.5m
book value of residual values, after impairment

Profits achieved on our disposals in all but three months of our 30+ year history

Strategy and approach

Fundamental to Zenith's RV position are:

- An established track record and consistent approach to RV setting from the start of the business.
- A diversified portfolio of assets (i.e. all drivetrains, makes, marques and models).
- An expectation from our customers that we manage risk appropriately and provide consistency in pricing, without undue fluctuations from used vehicle market movements.
- An acknowledgement that our vehicle funders (who fund against vehicle RVs) expect consistency of approach to RV setting that is within the agreed facility terms and historical parameters, and that the process has suitable governance.
- The utilisation of a wealth of in-house empirical data on RV performance (by make, marque, model and drivetrain) and on remarketing performance (Zenith's disposal performance versus market benchmarks).
- The careful selection and application of third-party data, to benchmark our own positions and performance, and (separately) to forecast RV equity positions based on our book.
- The consistency of our approach and policy, in setting RVs and in managing remarketing of vehicles, can be illustrated most clearly through our track record. Our disposals have been profitable in all but three months of our 30+ year history; those three months immediately followed the Lehman Bros collapse in 2008. We have achieved this track record in 2008 through numerous economic cycles and various automotive market conditions.

Key risks

The key risks associated with residual values are as follows:

- Used vehicle prices – profitability of the sale of the vehicle depends directly on external market prices, influenced by supply and demand factors.
- Forecasting – the process of setting RVs involves estimating the future price of the vehicle, often into the medium term. This can be difficult, especially with changing drivers including supply, demand and government legislation.
- Concentration risk of make or marque – should the fleet become overly weighted towards any one make or marque.

Risk mitigation strategies

We manage our risks associated with residual values through:

- Active engagement across the industry with dealers, OEMs and industry forecasters who inform our understanding of price evolution.
- Monitoring the composition of the fleet – make, marque, age profile and other key characteristics.
- Active remarketing of each vehicle, ensuring the optimal price is achieved for the condition of the vehicle.
- Lease extensions, where losses may be anticipated on the sale of individual vehicles, to mitigate these losses by deferring the sale of the assets enabling additional lease rentals to be received during a period of lower depreciation. Towards the end of FY24, we commenced Project Volt, an initiative to extend the leases on BEVs to address losses made on BEVs, targeting 3,000 lease contracts expiring in FY25.

Residual value risk management
(continued)

Market conditions in FY24

FY24 was a period in which new vehicle supply returned to some normality with new car registrations (through 2023) reaching the highest level since 2019. This, in conjunction with the cost-of-living crisis caused by high inflation levels, had softened demand for used vehicles through the year. Whilst used ICE model values have shown a return to more typical depreciation patterns, BEV values have reduced at rate above historic standards.

This is the result of:

- the cost-of-living crisis and resulting squeeze on expenditure which has meant consumers have trended away from higher value vehicles such as premium BEV models
- an increase in the supply of new BEV cars. With more models entering the UK market and post-Covid supply constraints now eased, BEV registration volume reached a record high in 2023, representing 16.5% of the new car market. This additional volume enabled leasing companies to convert their order banks into leases of new vehicles, releasing vehicles on terminating leases into the used vehicle market, reducing prices
- an increase in the used supply of premium BEV vehicles, from those initially registered as fleet vehicles from 2019
- rising electricity prices and public charging costs
- availability of charging points.

However, many of the same factors contributed towards a more stable market for ICE vehicles.

- Used car buyers have opted for more affordable models than BEVs, typically ICE derivatives.
- Compared to recent historical standards, there is a general under-supply of two to five-year-old ICE vehicles in the used car market.

Towards the end of calendar year 2023, a convergence of one-off supply and demand factors caused weakness in used car prices, particularly BEVs.

On the supply side, the seasonal September plate change drove additional volume into the market. The impending regulations, such as the ZEV mandate and the Rules of Origin (which was later postponed) brought forward the sale of ICE vehicles. Added to this, the sale of a large number of predominantly ICE vehicles by specialist driving schemes added further supply into the market.

This, combined with weak underlying consumer confidence, lower seasonal demand and retailers restricting purchasing activities led to weaker selling prices. In early 2024, a number of these one-off factors subsided and prices resumed their normal seasonal trend.

Used car sales volumes

Residual value risk management
(continued)

Prospects and outlook

Industry forecasters have a positive outlook for the market. SMMT forecast a 4.2% increase in UK car registrations for 2024. However, the volume projection of 1.98 million cars is still 14% behind pre-pandemic levels.

UK car registrations are not expected to return to pre-Covid levels, due to restricted increase in supply, as OEMs focus more on maximising profit per unit. Annual ZEV mandate targets, in force from January 2024 and requiring minimum levels of BEV production for both cars and vans means that OEMs are focusing on production mix across their drivetrains and are not just pursuing higher production volumes.

The deficit in the supply of used cars is expected to continue. The scarcity of registrations dating back to 2017 will take years for the used vehicle market to catch up with, especially as used vehicle demand is relatively stable over time. As BEVs approach 20% market share, they remain in relative short supply in the used market, which provides some long-term price support following last year's market adjustment.

Remarketing approach

Zenith adopts an active and comprehensive approach to remarketing the vehicles at the end of the lease period.

Zenith's in-house remarketing team receives notification if the vehicle's lease is not to be extended up to 12 weeks prior to the end of the lease contract.

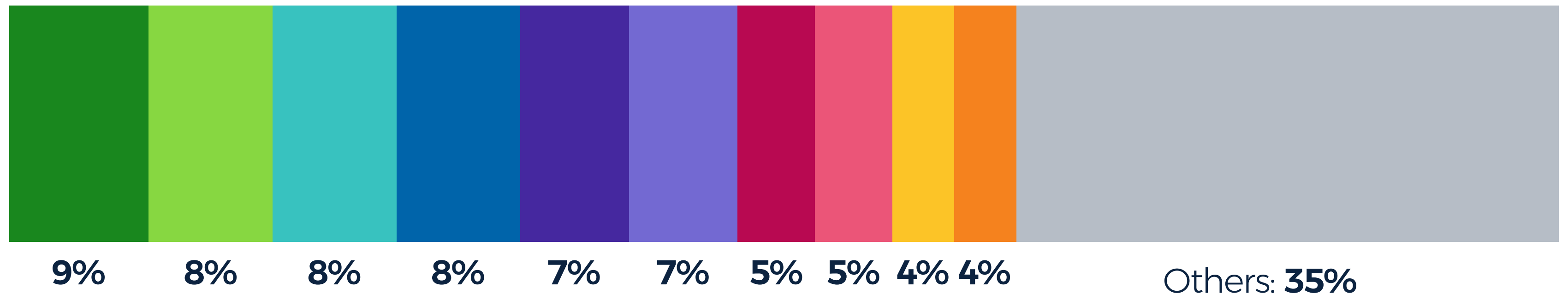
If the vehicle is to be returned, the vehicle is collected by a third-party team and taken to a secure site. Each vehicle is assessed for damage and the cost/benefit of repair. The majority of vehicles are sold through auction, sold online or sold to drivers.

Zenith's proactive approach to remarketing includes attending all its auctions, setting individual vehicle reserve prices and negotiating prices where necessary.

This tailored approach ensures Zenith achieves sales prices above its peer group, low lead times from collection to sale, on average of 13 days, and high first-time conversions, resulting in lower holding costs.

Funded fleet by OEM

Our independent ownership and financing enables us to be agnostic regarding vehicle make, powertrain and funder. The bar below shows the split of OEMs by the number of vehicles they contribute to our funded fleet.[1]



Task Force for Climate-Related Financial Disclosures (TCFD)

We recognise the impact climate change has on both our business and society as a whole. Aware of the consequences that unmitigated climate-related risks will have on all our stakeholders, we began to integrate Task-force for Climate-related Financial Disclosures (TCFD) recommendations in FY22 to ensure we're always effectively identifying, assessing and managing climate-related risks and opportunities.

As our third voluntary TCFD report, we are reporting in line with ten of the 11 recommendations. The report represents our regulatory requirement to produce a climate-related financial disclosure as set out in Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and the Financial Conduct Authority (FCA) regulations on climate-related financial disclosures.

Compliance with TCFD requirements

Our report presented on pages 102–115 is compliant with TCFD's recommendations and recommended disclosures, with the exception of the following. This disclosure is compliant with our obligations to report in-line with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Strategy

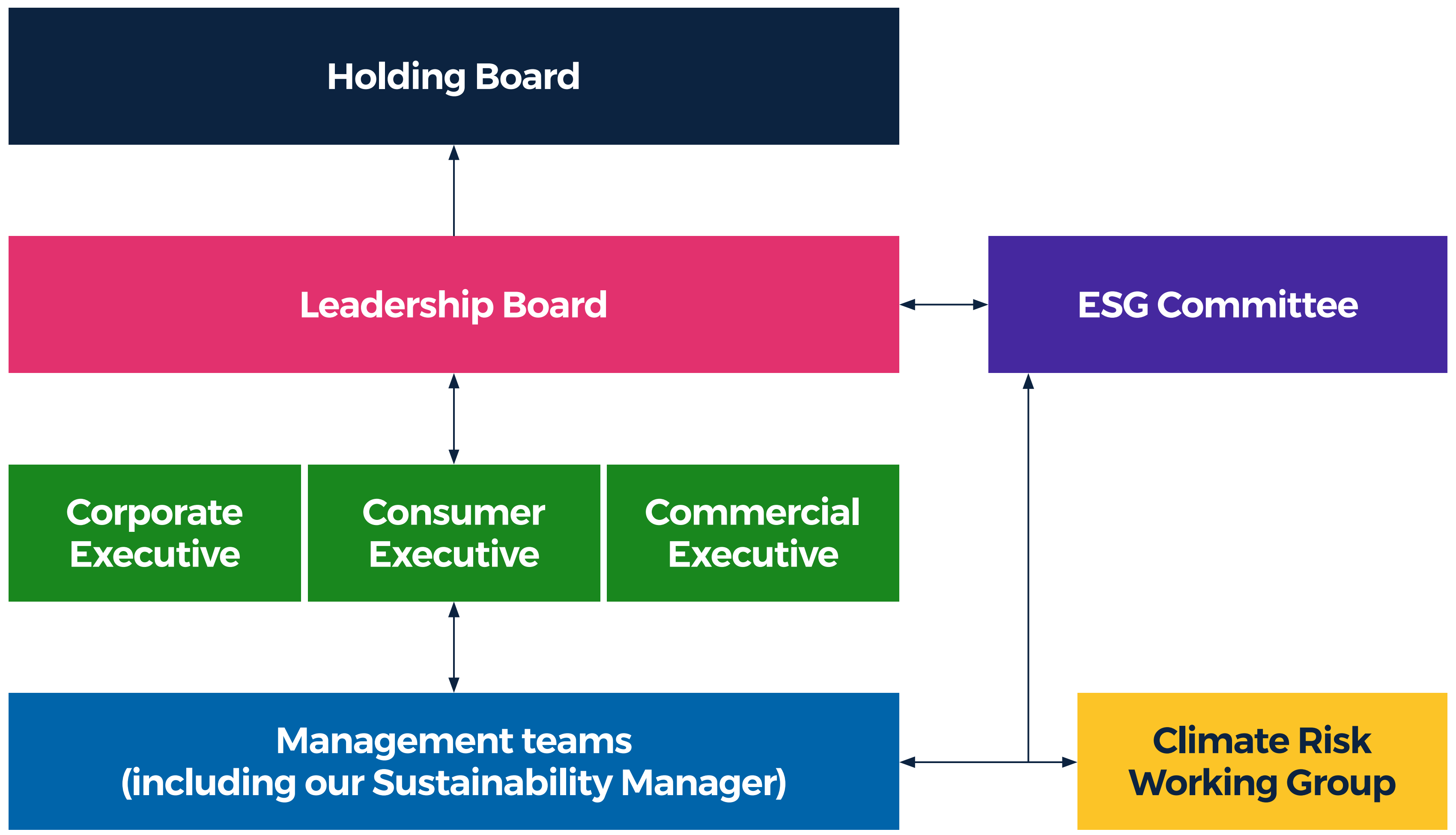
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

- We have not completed a quantitative assessment of our climate-related risks and opportunities under climate-scenario analysis.

ESG governance structure

We have a clear environmental governance structure in place with our Leadership Board and CEO being ultimately accountable for climate change and the environment. They have devolved responsibilities to the ESG Committee and our Sustainability Manager, who leads the design, delivery and reporting arms of our sustainability plan, including climate change management.

Beneath the ESG Committee sits our Climate Risk Working Group with responsibility for identifying, assessing and managing climate-related risks and opportunities. They report quarterly to our ESG Committee and Leadership Board. Further information on our governance structure can be found within the Corporate Governance section.



Task Force for Climate-Related Financial Disclosures (TCFD)
(continued)

Governance
Disclose the organisation's governance around climate-related risks and opportunities.

Describe the Board's oversight of climate-related risks and opportunities

Our CEO is ultimately accountable for climate change and our sustainability plan, People Powered Impact. At an operational level, responsibility resides with our CMO who sits on our Leadership Board and Environmental, Social and Governance Committee. Our Sustainability Manager, who is responsible for day-to-day management and oversight of our sustainability plan, reports directly to our CMO.

Since April 2023, part of our Leadership Board's remuneration is linked to long-term sustainability metrics. Our Leadership Board all attended Carbon Literacy training in March 2023, and we intend to deliver a further awareness session in FY25.

The board has considered climate-related issues when setting Zenith's purpose, vision and strategy, and considers the planet as a key stakeholder. Our strategy and vision are influenced by climate, with an example being our Green Bond issue of £475 million, with a commitment to spend at least an equivalent amount to the proceeds on BEVs.

The Board is updated at least every 12 months on our climate risk framework by our Sustainability Manager. During the last financial year, this included our climate-related risks and opportunities, including our actions to control or crystalise these. A further session centred on our sustainability plan, People Powered Impact. During this session, the Leadership Board approved our near-term and net zero carbon reduction targets which were submitted to the Science-based Targets initiative (SBTi) in January 2024.

The Leadership Board oversees the operation of our Group risk management framework – which contains our climate risk framework – and is responsible for assessing and reviewing principal and emerging risks.

Our enterprise risk framework is a developing programme led by our General Counsel and Company Secretary. Once complete, our climate risk framework will be integrated into this alongside our other principle/priority business risks.

Describe management's role in assessing and managing climate-related risks and opportunities

The Environmental, Social and Governance (ESG) Committee meets quarterly to assess performance against our sustainability plan: People Powered Impact. Data is provided by several sub-forums and groups, including colleagues responsible for specific focus areas. For example, data reviewed to track progress against our focus area, "To enable customer fleet decarbonisation", includes the % of our order bank that are BEVs.

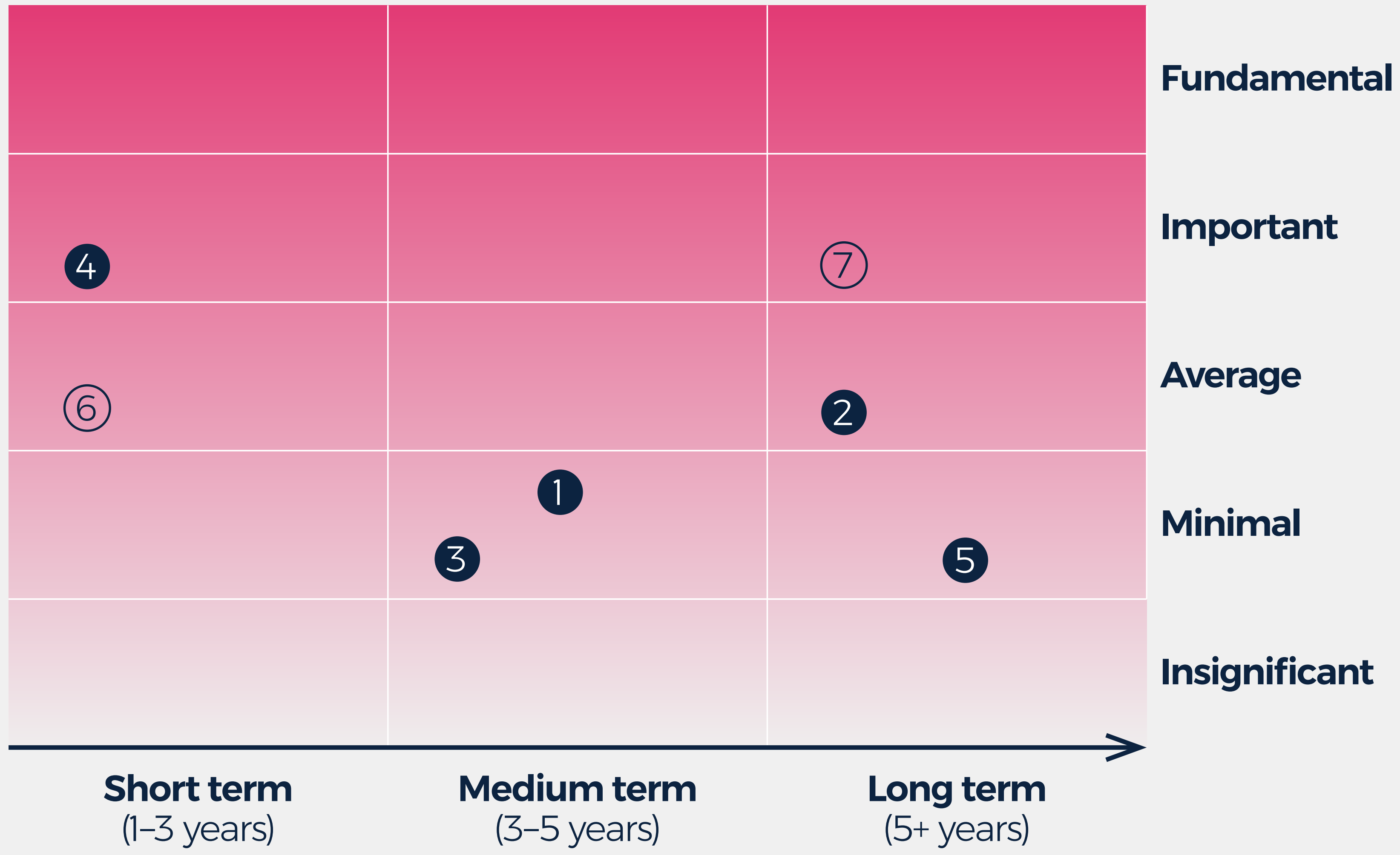
The KPIs used to track and measure performance across the Group are based upon the World Economic Forum report, "Measuring Stakeholder Capitalism".

The Climate Risk Working Group is responsible for tracking progress against our climate-related risks and opportunities, this includes relevant data and metrics. They are also responsible for completing climate scenario analysis.

At a management level, our Sustainability Manager leads the design, delivery and reporting arms of our management of climate-related risks and opportunities, and our wider sustainability strategy.

Task Force for Climate-Related Financial Disclosures (TCFD)
(continued)

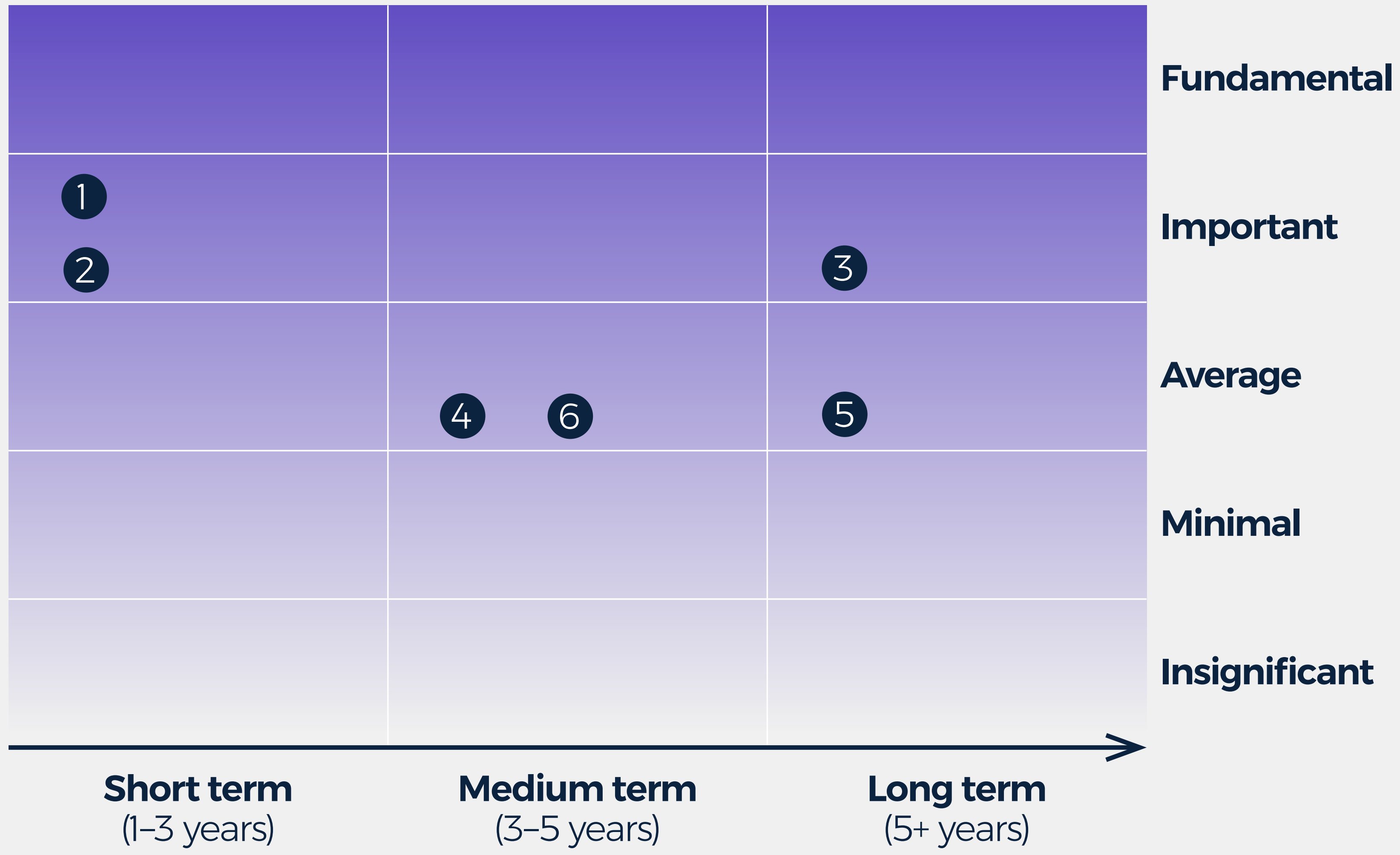
Climate-related risks



● **Transition risks *(risk type in brackets)***
1. UK automotive-sector legislation *(Policy and Legal)*
2. Introduction of a carbon tax *(Policy and Legal)*
3. Renewable energy cost fluctuation *(Technology)*
4. Used car market pricing volatility *(Market)*
5. Market shift away from using a personal vehicle *(Market)*

○ **Physical risks *(risk type in brackets)***
6. Extreme weather events *(Chronic)*
7. Increase in average global temperatures *(Acute)*

Climate-related opportunities



Opportunities *(opportunity type in brackets)*
1. Circular economy within supply chain *(Resource Efficiency)*
2. Growth of BEV market *(Products and services)*
3. Growth of green financing options *(Markets)*
4. Increase in environmental knowledge across Zenith *(Products and services)*
5. Product and service innovation *(Products and services)*
6. Increased stakeholder engagement and relationships *(Resilience)*

Risk time horizons
Time horizons consider when the risk could likely cause an impact. These were selected to align with the Group's financial planning process and have also been determined based upon the typical life cycle of our leased vehicles being 3–5 years.

Our climate risk management process is still in development and these time horizons may change.

- Short term (1–3 years)
- Medium term (3–5 years)
- Long term (5 years plus)

Task Force for Climate-Related Financial Disclosures (TCFD)
(continued)

Climate-related risks and opportunities summary

Significant risks and opportunities were evaluated further to consider the likelihood of the risks occurring and the potential severity of their impact on Zenith.

We have qualitatively assessed this exposure by considering its impact on our financial, operational, strategic, supply chain, financial and reputational performance if they are not suitably controlled. Significant risks and opportunities are defined as those where Zenith's exposure to its impact and likelihood is deemed to be average or above. All risks and opportunities have been assessed relating to their impact upon the UK and to the automotive industry specifically.

Climate risk

Risk that consumers and the used car market move away from electric vehicles caused by a change in consumer behaviour due to energy price increases, the price of the vehicles and apprehension around battery health.

Category
Transition – market

Time horizon
Short term

Exposure
Important

Metrics
% of Zenith funded fleet that is ZEV

Targets
Transition the cars and vans that we procure for our Corporate customers by 2030.

Description and potential impact to the business
Financial: The lack of demand for BEVs within the used car market from Consumer buyers could result in lower sale prices for Zenith's BEV fleet at the end of their lease, which could lead to a fall in residual value profits. Zenith tests its vehicle assets for impairment of future cash flows each year and this year recognised a provision of £40.1 million. Further information in our financial account here.

Strategic: Due to BEVs being relatively new in the car market (compared with ICE vehicles), and the fact that there is still an alternative available, consumer behaviour is difficult to forecast and still susceptible to big changes.

Response and mitigating actions
Zenith has a dedicated pricing & risk team and a remarketing team, who monitor residual values of our vehicles and the external factors which impact these. This includes a monthly re-evaluation of our fleet value against independent industry forecasts. This is reviewed at the monthly Residual Value and Pricing Committees. Our Group CFO chairs these committees.

Through regular monitoring, Zenith can implement mitigating actions to reduce the impact of lower BEV demand in the used car market. For example, repricing contracts in the order bank before they are delivered resulting in a more appropriate residual value or extending current BEV contracts to further mitigate residual value loss.

In addition, the risk team actively price vehicles at their inception to encourage fleet diversity and spread residual value risk across different OEMs, models and fuel types, if necessary.

We also offer used personal contract hire (UPCH) which allows Zenith to second-life, or reschedule, loss-making vehicles. This is beneficial as it allows us to:

1) defer losses whilst the market is turbulent, and
2) reduce the loss by extending the life and setting a lower residual value.

Furthermore, the remarketing team monitor sale prices of vehicles in the used car market to identify the most appropriate time to sell a vehicle at auction.

Task Force for Climate-Related Financial Disclosures (TCFD)
(continued)

Climate risk
Risk that changes to UK legislation relating to the automotive and leasing industry result in ZEVs becoming less attractive to customers.

Category
Transition – Policy and Legal

Time horizon
Medium term

Exposure
Average

Metrics
% of Zenith funded fleet that is BEVs

Targets
Transition the vehicles we procure for Corporate customers to BEV by 2030

Description and potential impact to the business
Financial: A legislative change is the annual 1% increase in BiK tax rates for BEVs from 2025 to 2028. This will increase rental costs for our customers, as an increase of 1% to the BiK tax rate on a car valued at £50,000 would lead to an extra £16.67 BiK payment per month for a 40% taxpayer. However, the BiK rate will only increase from 2%-5% between 2025–2028, which is considerably lower than the 37% tax rate for high-emitting ICE vehicles (170g/km and higher).

Response and mitigating actions
Over the last two years, Zenith has engaged the government on this topic both of our own accord and through our industry body, BVRLA.

Examples include the successful #SeeTheBenefit campaign and our consultancy team's involvement in Department for Transport industry roundtables.

The delay in the ban on sales of new ICE vehicles to 2035 may have some impact, however, this is underwritten by the ZEV mandate. This will be the driving force in the speed of the UK vehicle industry's transition to ZEV. The transition will also be supported by improved infrastructure such as the public EV charge points, and improvement in battery technology reducing range anxiety for potential customers.

Climate risk
Risk that a carbon tax is implemented to help ensure that the UK achieves net zero by 2050 caused by government policy changes.

Category
Transition – Policy and Legal

Time horizon
Long term

Exposure
Average

Metrics
% of Zentih funded fleet that is ZEV

% of annual energy consumption purchased or generated from renewable sources

Targets
100% of electricity is from renewable sources by 2030

Zenith is committed to reaching net zero across Scopes 1, 2 and 3 by 2050 at the latest

Description and potential impact to the business
Financial: Increase in energy, fuel and associated operating costs; indirect carbon taxes passed to Zenith through our supply chain.

Operational: Requirement for more comprehensive datasets and assurance of our Scopes 1, 2 and 3 GHG emissions.

Response and mitigating actions
Regarding our value chain emissions, we are reducing these through the decarbonisation of our customers' fleets, for example through the leasing of BEVs.

We're also working with our suppliers and challenging them to introduce circular economy practices wherever possible.

We've now baselined our Scope 3 emissions, and we will be working with our business-critical suppliers to enhance the accuracy and frequency of this reporting.

We're addressing our Scope 1 and 2 emissions through the transition of our own company car fleet to 100% BEVs only by 2025.

Task Force for Climate-Related Financial Disclosures (TCFD)
(continued)

Climate risk
Risk that increased extreme weather events such as flooding or extreme heat become more frequent globally caused by climate change.

Category
Physical – Acute

Time horizon
Short term

Exposure
Average

Metrics
% of business-critical supply partners assessed against ESG criteria

Targets
100% of business-critical supply partners have completed due diligence within last three years

Zenith is committed to reaching net zero across Scopes 1, 2 and 3 by 2050 at the latest

Description and potential impact to the business

Operational: Minimal impact as Zenith has a diversified supply chain meaning we are not solely reliant on any one supplier to deliver services to our customers. We operate an agile working policy allowing colleagues to identify where most appropriate to work, ensuring that we can continue delivering services during extreme weather events. There may be an increase in vehicle damage due to weather events, however, Zenith has no control over where customers store their vehicles whilst on lease.

Supply chain: Disruption in supply of raw materials could slow down the production of vehicles by the manufacturers, servicing and maintenance of vehicles, and delivery to our customers.

Response and mitigating actions

The impact of extreme weather events, such as the 2022 European heat wave, would be limited on Zenith. This is due to the following reasons:

1) Zenith operates an agile working policy for most colleagues, meaning that we can continue operating remotely, even in the event that colleagues are unable to access our office or travel due to extreme weather.
2) We have an extensive and diversified supply chain. This enables us to switch supply quickly and easily, therefore increasing our ability to continue servicing our customers' vehicles and to keep them mobile, even in the event that some suppliers may temporarily stop working due to extreme weather events.

Task Force for Climate-Related Financial Disclosures (TCFD)
(continued)

Climate opportunity
Opportunity to repair vehicles using green parts caused by supplier partners transitioning to a circular economy.

Category
Resource efficiency

Time horizon
Short term

Exposure
Important

Metrics
% of recycled or second-life parts used to maintain and repair vehicles

Targets
Zenith is committed to reaching net zero across Scopes 1, 2 and 3 by 2050 at the latest

Description and potential impact to the business

Financial: Green parts refers to the use of recycled vehicle parts sourced from salvaged vehicles, reducing maintenance costs. Reduced exposure to any future carbon taxes due to reduced Scope 3 GHG emissions.

Supply chain: Utilising green parts would reduce the time required to repair and maintain vehicles, ensuring the vehicles remain on the road for longer.

Response and mitigating actions
Zenith has recently onboarded a new supplier partner, SYNETIQ, to supply green parts. They source parts from salvaged vehicles wherever possible. Only cosmetic vehicle parts are fitted using green parts (some vehicle parts cannot be refurbished or recycled, for example those required for vehicle safety).

We are excited to see the impact of this partnership upon our operations, customer relationships and GHG emissions.

Climate opportunity
Opportunity to access green finance markets caused by leasing ZEVs at tailpipe and delivery of our wider ESG strategy.

Category
Markets

Time horizon
Long term

Exposure
Important

Metrics
Annual impact reporting including at least the following details:

- the size of the Eligible Expenditure portfolio;
- the remaining balance of unallocated proceeds; and
- the amount or percentage of financing versus refinancing, where relevant.

Annual impact reporting which may include:

- annual GHG emissions reduced/avoided (tCO_2 eq pa)
- average energy consumption of vehicles

Targets
To spend at least an equivalent amount to the bond proceeds (£475 million) on leasing BEVs

Description and potential impact to the business

Financial: Green finance markets are expected to reduce Zenith's cost of borrowing and therefore increase the money available for investment in other areas.

Response and mitigating actions
Zenith issued the UK leasing industry's largest green-bond in January 2022 of £475 million. We made a pledge to spend at least an equivalent amount on BEVs. This included impact reporting on the avoided emissions from leasing BEVs compared to ICE vehicles.

Task Force for Climate-Related Financial Disclosures (TCFD)
(continued)

Climate opportunity
Opportunity to offer additional products that could be caused by a change in consumer behaviours and supply chain innovation driven by climate change knowledge and awareness.

Category
Products and services

Time horizon
Long term

Exposure
Average

Metrics
Volume of UPCH customers

Description and potential impact to the business
Strategic: Examples of the types of alternative products that could be offered include:

1) Used car leasing in the consumer market, such as Zenith's UPCH scheme.
2) Used vehicle salary sacrifice offering to our Corporate customers.
3) Extended vehicle leases beyond four years.
4) Mobility-as-a-service (MaaS) leading to the rise of on-demand vehicle use models rather than ownership.

Response and mitigating actions
Key pillars of the Group strategy are to be the leader in our chosen markets and to create value for our stakeholders.

This includes delivering products that our customers, and the markets, desire, such as alternative leasing products as the road transport industry decarbonises.

We are continually seeking to identify opportunities for business growth and development, and work alongside our stakeholders to develop these.

Climate opportunity
Opportunity to reduce our emissions through increasing the number of ZEVs compared to traditional ICEs on our fleet due to government policy, consumer preference and market changes.

Category
Products and services

Time horizon
Short term

Exposure
Important

Metrics
% of Zenith funded fleet that is ZEV

Targets
Transition the cars and vans that we procure for our Corporate customers by 2030

Description and potential impact to the business
Operational: A reduction in our Scope 3 downstream leased asset emissions and achievement of our net zero commitment.

Reputational: This would align with our sustainability-focused purpose, vision and strategy, thus building trust with stakeholders.

Response and mitigating actions
The transition of Zenith's fleet to ZEV is driven by a range of factors, including:

1) Customers have ultimate choice over their fleet policy, including the vehicles and fuel types that their employees can lease.
2) Government policy such as the ZEV mandate and the 2035 ban on the sale of new non-zero-emission vehicles up to and including 26t.

Whilst customer preference and government policy are the main drivers in the transition of the Zenith fleet, we have taken the following actions regarding ZEV:

1) Issuing the UK leasing industry's largest green bond in January 2022.
2) A fleet consultancy team to support customers to identify opportunities to transition to ZEV.
3) Participation in two campaigns supporting decarbonisation of the industry; to keep BIK tax rates for BEVs low until at least 2028 and to secure regular updates to the Advisory Electric Rate paid to BEV drivers for business travel.

Task Force for Climate-Related Financial Disclosures (TCFD)
(continued)

Climate-scenario analysis

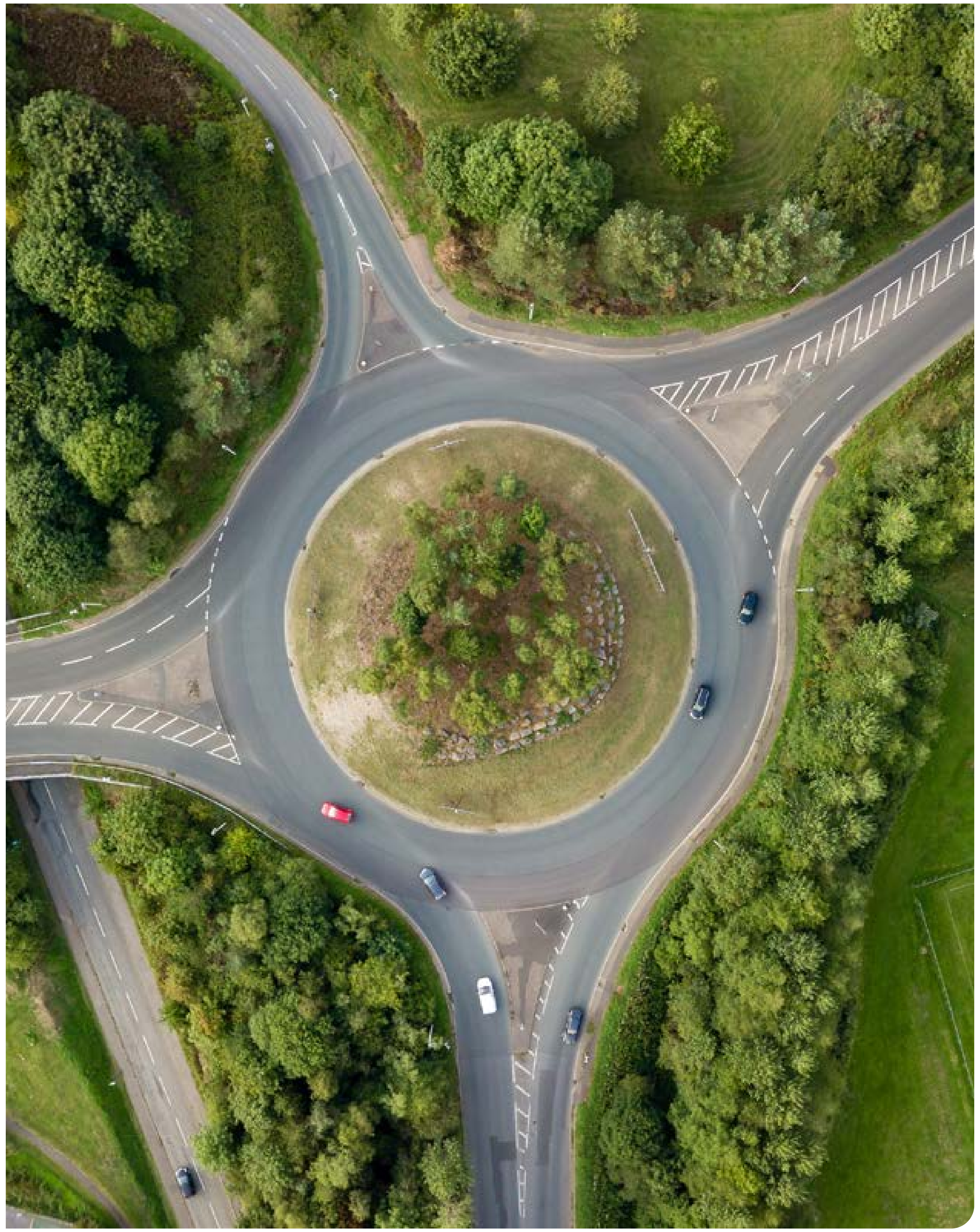
Following the identification and assessment of climate risks and opportunities highlighted above, we carried out qualitative climate scenario analysis on a subset of the most significant risks and opportunities. Considering all the risks and opportunities assessed, mitigations in place and the scenarios used, Zenith is confident that it has a resilient business model to the potential impacts of climate change. The results of this analysis are used to inform the Leadership Board, and to help shape future strategic and financial planning. This analysis and the disclosed results should be interpreted as hypothetical outcomes, they are not forecasts or guaranteed future situations.

Climate scenarios

Warming trajectory by 2100	Transition scenarios (IEA[1])	Physical scenarios (IPCC[2])
<2 degrees Celsius	Net zero emissions (NZE)	SSP14-2.6 (low challenges to mitigation and adaptation)
2-3 degrees Celsius	Announced pledges scenario (APS)	SSP2-4.5 (medium challenges to mitigation and adaptation)
>3 degrees Celsius	Stated policies scenario (STEPS)	SSP5-8.5 (high challenges to mitigation, low challenges to adaptation)

1. International Energy Agency (IEA) has produced a number of climate transition pathways to support their analysis. We have used the assumptions outlined within their reports and analysis.

2. The Intergovernmental Panel on Climate Change (IPCC) has produced various scenario analyses including Representative Concentration Pathways (RCPs) and Shared Socio-Economic Pathways. These are widely accepted reference points on both the physical and transition climate risks.



Task Force for Climate-Related Financial Disclosures (TCFD) (continued)

🟢 Low risk to Zenith or high opportunity
🟠 Medium risk to Zenith or medium opportunity
🔴 High risk to Zenith or low opportunity

Climate risk/opportunity: Carbon tax

Scenario	Assumptions	Short (1-3 years)	Medium (3-5 years)	Long (>5 years)	Results
NZE	Early implementation of a carbon pricing mechanism to all economies with a net zero commitment.	🟠	🟠	🟠	The impacts are predicted to be potentially significant under both the NZE and APS scenarios in the medium to long term. However, our strategy is resilient to these scenarios. Zenith's near-term and net zero carbon reduction targets submitted to SBTi in January 2024, and the UK Government's 2035 ban on sales of new non-zero-emission vehicles up to and including 2.6t, will help reduce our GHG emissions. This will reduce the impact of any future carbon tax. Carbon taxes are expected to increase in line with the UK Government's own net zero targets and political commitments to decarbonise. Given our value chain predominantly operates in countries with net zero commitments, this could result in the following potential financial implications: · Increased expenditure due to the increased tax burden and indirect costs passed through our supply chain; and · We may have to absorb this cost, leading to reduced profit margins. Or, alternatively, we may need to increase prices, potentially impacting our competitiveness within the market and resulting in reduced revenue.
APS	Pricing mechanisms and taxes are introduced later on and at lower rates.	🟢	🟠	🔴	
STEPS	Only existing or announced carbon pricing schemes and taxes are applied under lower rates.	🟢	🟢	🔴	

Climate risk/opportunity: UK automotive-related legislation

Scenario	Assumptions	Short (1-3 years)	Medium (3-5 years)	Long (>5 years)	Results
SSP1-2.6	The UK adopts additional policies that are supportive of the transition to ZEVs, encouraging both fleet and consumer purchasers. All manufacturers meet the targets set out in the ZEV mandate.	🟢	🟢	🟢	Through our analysis, we determined that our business strategy is resilient under all three scenarios. · Policies implemented under NZE would lead to the continued growth of our BEV funded fleet, reduction of our Scope 3 downstream leased assets, GHG emissions and attainment of our carbon reduction targets. · The transition within the APS scenario would be slower but still occurring, therefore our fleet would continue to transition to majority BEV. · Policies would be slower in the STEPS scenario; therefore, the transition would be slower. However, Zenith's manufacturer-agnostic approach and the existing BiK rates to 2028 would allow continued transition to BEVs. This would align with our vision to decarbonise the UK vehicle parc through the elimination of tailpipe emissions. If government policy and market pressure to transition to ZEV reduced considerably, then this may require a review of our strategy.
SSP2-4.5	The UK continues with policies to encourage the fleet transition to ZEVs, however, there is a slight delay in similar policies for the retail market. These do arrive and the transition of the UK fleet to ZEV accelerates.	🟠	🟢	🟢	
SSP5-8.5	The UK makes no additional policy adjustments to those already announced or in effect, relying solely on the ZEV mandate to drive the UK's transition to ZEV, with no policies implemented to incentivise fleet and retail purchasers of ZEVs. We also assumed that policies in place to encourage fleet drivers were reduced, for example an increase to the BiK tax rate.	🟠	🟠	🟢	

Task Force for Climate-Related Financial Disclosures (TCFD)
(continued)

🟢 Low risk to Zenith or high opportunity
🟠 Medium risk to Zenith or medium opportunity
🔴 High risk to Zenith or low opportunity

Climate risk/opportunity: Extreme weather events

Scenario	Assumptions	Short (1-3 years)	Medium (3-5 years)	Long (>5 years)	Results
SSP1-2.6	The frequency and size of heavy precipitation, flood, wind and drought events is likely to increase. An increase in the frequency of extreme coastal flooding events due to sea level rise is very likely.	🟢	🟢	🟠	Our business strategy, diversified supply chain and financial planning are all resilient under each scenario. The risk of business interruption and damage to our assets increases from SSP1-2.6 (<2˚C) to the SSP5-8.5 (>3˚C). Financial impacts are expected to be greatest under the SSP5-8.5 scenario, however, still limited for Zenith. Possible impacts across the scenarios include: • Potential business disruption due to some suppliers being unable to work due to extreme weather – particularly vehicle body shops and garages. However, the impact will be limited for Zenith due to our diverse supply chain meaning we are not reliant on any one supplier and can easily shift supply. • Potential revenue lost due to business disruption in the medium to long term under all scenarios. However, as mentioned above, our diverse supply chain will limit this impact.
SSP2-4.5	Similar to trends observed in SSP1-2.6, with increased frequency and size of extreme weather events.	🟢	🟠	🟠	
SSP5-8.5	Compared to SSP1-2.6, a marked increase in frequency and severity of extreme weather events is projected. Heavy precipitation and drought events are likely to double in frequency vs. SSP1-2.6.	🟢	🟠	🔴	

Climate risk/opportunity: Green parts

Scenario	Assumptions	Short (1-3 years)	Medium (3-5 years)	Long (>5 years)	Results
NZE	Circular economy practices are widely adopted across all industries, resulting in lower resource and raw material extraction and production.	🟢	🟢	🟢	Zenith's business model and strategy are resilient under all scenarios, especially NZE and APS as they will benefit Zenith through: • Increased revenue due to lower value chain goods costs. • Increased business resilience and customer service due to the quicker sourcing of vehicle parts. • Reducing our Scope 3 Purchased Goods and Services GHG emissions, and waste generated in operations. Wider policy support and market pressure would be less prominent under STEPS. However, through supplier and customer engagement Zenith can continue to utilise green parts due to the climate co-benefit of cost savings. The NZE and APS scenarios are supportive of our business strategy as we have recently launched green parts within the supply chain.
APS	Circular economy practices are widely adopted across all industries in the medium term resulting in lower resource and raw material extraction and production. Some industries transition to circular economy sooner than others.	🟠	🟢	🟢	
STEPS	Industries continue to extract raw materials and resources, and waste remains high across all sectors.	🔴	🔴	🟠	

Task Force for Climate-Related Financial Disclosures (TCFD) (continued)

🟢 Low risk to Zenith or high opportunity
🟠 Medium risk to Zenith or medium opportunity
🔴 High risk to Zenith or low opportunity

Climate risk/opportunity: Green finance markets

Scenario	Assumptions	Short (1-3 years)	Medium (3-5 years)	Long (>5 years)	Results
NZE	Early and immediate growth of green finance markets across each of our funding partners.	🟠	🟢	🟢	Zenith has already issued the UK leasing industry's largest green bond in January 2022 for £475 million. This matures in 2027 and we will consider future green financing as we approach the bond's maturity. Through the leasing of BEVs, Zenith is compliant with the objectives of the EU taxonomy, allowing access to green finance markets in the future. The speed of growth of these markets is different across each scenario. However, our ability to access these is beneficial for Zenith due to: · Reducing our cost of borrowing. · Enabling further investment in other strategic areas. · Signifying Zenith as a climate leader.
APS	Medium-term growth of green finance markets will lead to early adoption of the market.	🟠	🟢	🟢	
STEPS	Longer-term growth of green finance markets, slower growth in the short to medium term.	🟠	🟠	🟢	

Climate risk/opportunity: Expanded product range

Scenario	Assumptions	Short (1-3 years)	Medium (3-5 years)	Long (>5 years)	Results
NZE	Early implementation of climate policy (see Carbon Taxes) and consistent signalling to the market by policymakers is expected to increase market demand for low emissions products and services.	🟢	🟢	🟢	The growth of alternative vehicle ownership and used models is likely under all three scenarios. The agility of our business model and strategy allows us to adapt to market changes. The potential impacts of this would be: · A diversified vehicle ownership and use model under NZE and APS would allow Zenith to enter new markets. This could result in new revenue streams, increased overall revenue and a larger fleet. · New ownership and use models are less likely under STEPS. However, our existing strategy would continue as normal meaning we retain existing revenue streams.
APS	Similar to NZE, however, later implementation of climate policy and less consistent signalling to the market by policymakers (i.e. via more severe and more ambitious measures, with shorter lead times) is expected. This may result in delayed market demand for low emissions products compared to NZE.	🟠	🟢	🟢	
STEPS	Policy and market pressure limited due to lack of policy ambition compared to NZE and APS. Minimal external forces driving innovation of low emissions products and services.	🟠	🟠	🟢	

Task Force for Climate-Related Financial Disclosures (TCFD)
(continued)

Risk management
Disclose how the organisation identifies, assesses and manages climate-related risks.

Describe the organisation's processes for identifying and assessing climate-related risks.

Our Climate Risk Working Group is responsible for identifying, assessing, and managing our climate-related risks and opportunities. This group meets quarterly, and membership is cross-functional, including: our Sustainability Manager, Operations Director, Customer Relationship Director, Fleet Consultancy Director, Regulatory Programme Director, among others.

The working group has used the TCFD examples of climate-related risks and opportunities as a guide to identify those relevant to Zenith. The working group uses the transition risks examples such as "policy and legal", "market", etc, and the physical risks examples of "acute" and "chronic" to structure the identification of climate-related issues relevant to Zenith.

The working group then complete horizon scanning to identify climate-related risks and opportunities through channels such as the media, committees and industry bodies, existing and emerging legislation, customers, external audits and investor risk assessments.

All risks are assessed to understand the likelihood of an event occurring and the potential impact to our business, the result of the assessment is then used to determine an appropriate response in line with our risk appetite. We use a 5x5 impact and likelihood scoring matrix to ensure consistency. All risks identified apply to the Zenith Group, rather than at an individual entity level.

The working group refreshes the risk identification process at each quarterly meeting. This includes a review of our existing risk register, and a review of new, upcoming or potential regulatory change, market condition changes, climate change information and analysis, among other things.

Describe the organisation's processes for managing climate-related risks.

The Climate Risk Working Group is responsible for managing climate-related risks and opportunities, and maintains the Group's climate risk register. Our working group has completed an initial assessment of whether to tolerate, treat or terminate each risk or opportunity. As our TCFD framework is still in development, the full register and the initial findings are yet to be fully presented to the Board, who have the ultimate decision on whether the risks and opportunities should be tolerated, treated or terminated.

Zenith considers climate change to be one of its material risks, as defined within the risk management section. As such, the materiality of a climate risk is considered in the same way as all other Group risks.

Our risk register includes the controls in place, in the process of implementation or that we could implement to manage any risk or optimise any opportunity.

Each control is assigned an owner and progress updates are provided at the Climate Working Group quarterly meetings.

Describe how processes for identifying, assessing and managing climate-related risks are integrated in the organisation's overall risk management.

Our climate risk process is partially integrated into the overall business risk framework, as it is reported to the Leadership Board at least annually, as all other Group risks are.

Furthermore, our climate risk register uses the impact and likelihood rating system as do other areas of the Group.

It's treated differently to other risks through the additional scenario analysis that is completed, using specific climate change scenarios. Our enterprise risk framework is a developing programme and work is underway to standardise the risk scoring used across the Group.

Upon completion of this programme, the climate risk framework will be integrated into the Group's enterprise risk.

Task Force for Climate-Related Financial Disclosures (TCFD)
(continued)

Metrics and targets
Disclose how the organisation identifies, assesses and manages climate-related risks.

Disclose the metrics used to assess and manage relevant climate-related risks and opportunities where such information is material.

The main source of Zenith's impact on the climate is through the GHG emissions found in our value chain, and therefore our impact on the environment and climate is the downstream use of vehicles by customers. As such, the ESG Committee tracks the following metrics to measure and monitor progress against climate-related risks and opportunities (in addition to the metrics highlighted in the climate risks and opportunities tables above):

- 41% of Corporate and Consumer division funded fleet is ZEV
- 44% of Corporate and Consumer division funded fleet order bank is ZEV
- Average g/km of non-ZEV cars and vans (FY24 = 113g/km, FY23 = 117g/km)

The metrics tracked and monitored by the Climate Risk Working Group and the ESG Committee are reviewed at least annually.

Further information on metrics relating to specific climate-related risks and opportunities can be found in the climate risk summaries above.

Disclose Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions and the related risks.

Zenith's GHG emissions inventory can be found on page 36. This includes our total Scopes 1, 2 and 3. It's supported by additional commentary on the three main categories of our GHG emissions, which sits within our Scope 3 value chain and equate to 98% of our total footprint:

1. Purchased goods and services
2. Capital goods
3. Downstream leased assets

Our Sustainability Manager is responsible for maintaining our emissions inventory. This is based upon the GHG protocol methodology.

Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets.

We have set the following commitments and targets to measure our performance against the impact of climate change:

- Committed to achieve net zero by 2050 at the latest through SBTi's Business Ambition for 1.5 degrees. We submitted our near-term and net zero carbon reduction targets to SBTi in January 2024.
- Transition 100% of our own company car fleet to BEV only by 2025 (FY24 = 87%, FY23 = 64%).

Further information on targets relating to specific climate related risks and opportunities can be found in the climate risk summaries above.

Governance report

Corporate governance

As a responsible business, we pride ourselves on being open and transparent with all our stakeholders. See how we embedded Consumer Duty and its values in everything we do, along with a detailed look into governance across the wider group in FY24.

"I'm incredibly proud of how our compliance team have delivered our Consumer Duty Programme, alongside our operational teams who have embraced the requirements by enhancing and refining their interactions with customers. The Duty is not a one-off, but a set of ongoing standards necessary to operate – a 'permission to play' you might say. Consumers will, and do, have high expectations from businesses, and Zenith is no exception."

James Edwards
Group General Counsel

Throughout 2023 and 2024 our people have worked hard to embed the new Consumer Duty standards from the FCA in our culture and ways of working. While we already acted in a spirit and intent of the latest requirements, embracing them has enabled us to further mature our existing processes and ensure we're always delivering good customer outcomes.

While the Duty is a key and important programme for Zenith, our legal and compliance teams continued to support the wider Group with policy refresh, horizon scanning and three lines of defence implementations in FY24.

Take a closer look at how we ensured our products, services and customer service were in accordance with the Duty, followed by an update on our wider governance activities.

Corporate governance
(continued)

How we implemented Consumer Duty at Zenith

On 31 July 2023, the new Consumer Duty requirements from the Financial Conduct Authority (FCA) came into force, setting higher and clearer standards of consumer protection in financial services. Under the Duty, we must always deliver good customer outcomes – this means always ensuring that our customers can access support easily, that all communications are clear, and that our products and services meet customer needs and offer fair value.

To ensure compliance with the Duty we set up a Consumer Duty Programme (CDP) – under the programme, we mapped the requirements of the Duty and carried out a gap analysis and impact assessment. From this, we were able to identify the actions required to deliver compliance and embed Consumer Duty in our ways of working.

As part of the CDP, below are just some of the actions we undertook:

- Mapped over 80 customer journeys to ensure they were delivering good customer outcomes and made improvements where necessary.
- Reviewed all customer communications to ensure they could be understood by all our customers and that we provide the right information, at the right time.
- Carried out a fair value assessment of our products, fees and charges to check they meet our customers' needs.
- Reviewed control frameworks and management information to ensure they were fit for purpose.
- Participated in the BVRLA's Compliance Working Group to ensure that the industry was collectively implementing the new rules.

Since the launch of the Duty, we continually focus on developing the correct colleague behaviours and values to consistently deliver good customer outcomes. Take a look at our Consumer highlights section to see how we regularly engaged our people in the Duty throughout FY24, to ensure we always act in the interest of our customers.

The principles of Consumer Duty

Under the Duty firms must:

Always put good customer outcomes at the centre of their business at every stage

Focus on the diverse needs of their customers

Higher standards for firms mean better outcomes for customers

Consumers equipped to make effective decisions

Getting the information they need at the right time and in a way they can understand.

Products and services that give fair value

Firms sell products or services at a fair price that reflects their benefits.

Helpful customer service

Responsive and accessible customer support.

As easy to switch, cancel or complain as it was to buy the product or service.

Products and services that are fit for all

With terms and features that match the needs of who they are for.

Products and service that work as expected.

Corporate governance
(continued)

Governance in detail

Zenith is committed to conducting business with integrity, fairness and transparency.

The business operates frameworks and embeds policy and procedure with the principal aim of achieving best practice, delivering good outcomes, and compliance with applicable laws and regulations. We combine these policies and procedures with appropriate technical and organisational measures to mitigate risk, regularly assessing risks to the business, customers, investors and the wider public.

In addition, Zenith is subject to various legal and regulatory regimes, including:

- Information Commissioner's Office (ICO)
- Financial Conduct Authority (FCA)
- UK sanctions law
- Money laundering regulations
- Environmental/health and safety regulations

Zenith's legal, group compliance and information security teams provide divisional representatives (who have ultimate accountability) with subject matter expertise in the development and maintenance of appropriate financial crime, personal data, information security and FCA regulatory frameworks.

Financial crime framework

Anti-bribery and corruption
Anti-fraud
Anti-money laundering and counter-terrorist financing
Trade sanctions
Tax evasion
Conflicts of interest
Whistleblowing

Oversight

- Accountability: Money Laundering Reporting Officer
- Subject matter expert: Compliance Manager
- Leadership Board: monthly compliance reporting and metrics

Training and awareness

- Group essential training (e-learning)
- Daily questions via Learning Management Systems (LMS)
- Interactive workshops
- Classroom training
- All-colleague emails
- Posters and other physical collateral

Corporate governance
(continued)

Data protection and information security frameworks

ISMS (ISO/IEC27001:13)
Business continuity
Access control
Privacy management framework
Privacy by design and default
Risk management
Data subject rights
Records management
Third-party management
Data retention
Incident management
Compliance monitoring and assurance
Fair, lawful and transparent processing
Records of processing
Data minimisation

Oversight

- Accountability: directors (acting as information risk owners)
- Responsibility: managers (acting as data guardians)
- Subject matter experts: Data Protection Officer (CIPP/E, CIPM), Chief Information Security Officer
- Leadership Board: monthly compliance reporting and metrics

Training and awareness

- Mandatory e-learning
- Daily questions via LMS
- Interactive workshops and events
- Classroom training
- Phishing campaigns
- All-colleague emails
- Posters and other physical collateral

FCA framework

Senior Manager and Certification Regime (SM&CR) framework
FCA policies and processes including vulnerable customers, customer outcomes, creditworthiness and affordability, complaint handling, product governance and fair value
Three lines of defence model – including operational control frameworks and compliance monitoring/assurance

Oversight

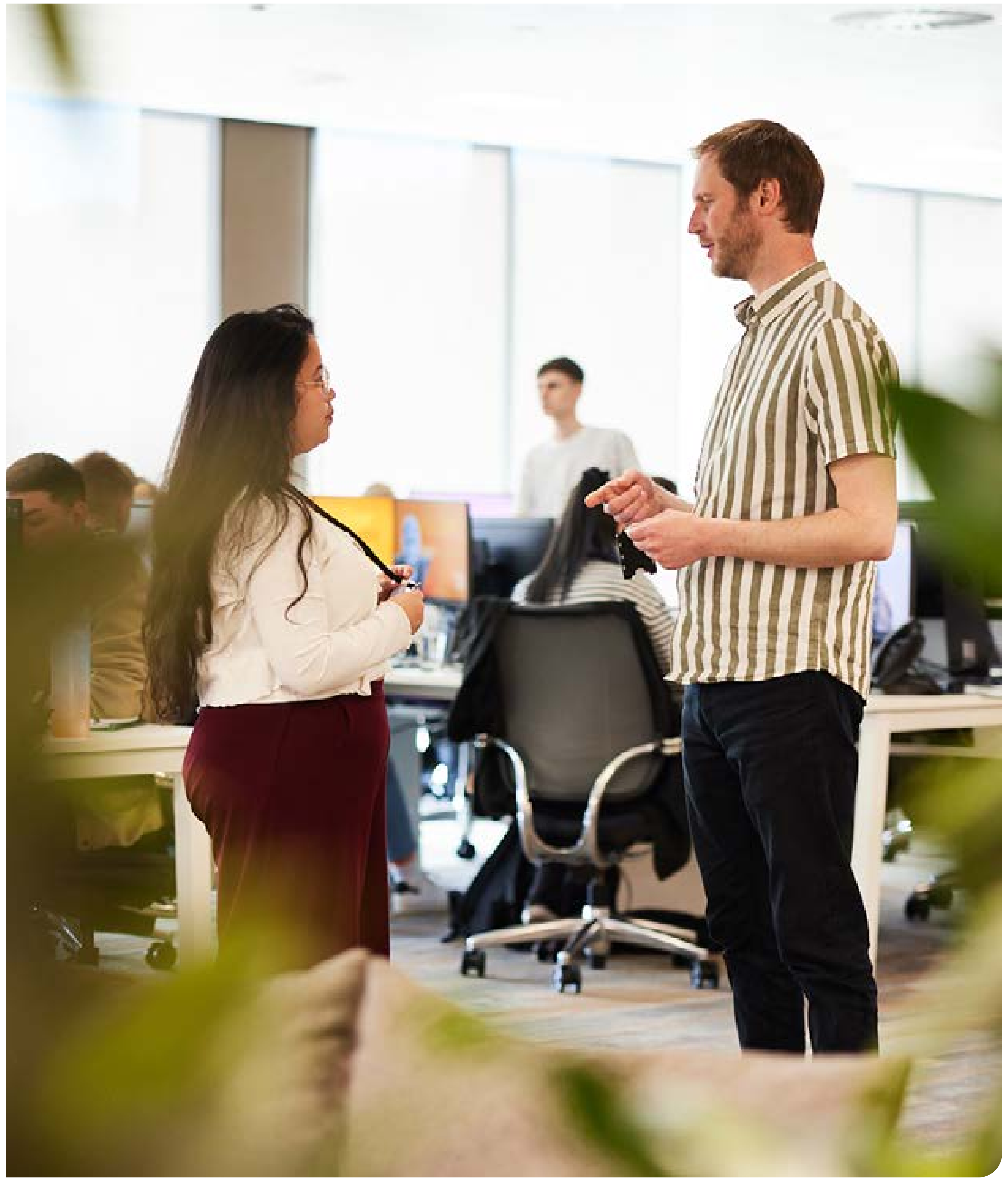
- Accountability: Leadership Board
- Subject matter expert: Compliance Director
- Leadership Board: monthly compliance reporting and detailed management information
- Review of detailed conduct risk/customer outcomes management information

Training and awareness

- Group essential training (e-learning)
- Daily questions via LMS
- Interactive workshops
- Regular all-employee communications
- Training and competence framework

Corporate governance
(continued)

Business governance, ethics and non-financial information



Zenith is a business that operates ethically and transparently in all its activities and expects the same of its supply chain.

This approach reflects the culture and values of the business and its people, and we always aim to:

- treat customers with respect and fairness, and act in line with our values
- deliver great customer outcomes
- treat partners and supply partners fairly, and establish long-term relationships that deliver value and high levels of service
- promote and be an advocate for the industry's environmental impact mitigation activities, and work closely with specialists to ensure that Zenith promotes carbon reduction strategies
- work closely with government and industry bodies to ensure that we provide consistency and clarity for customers and the market
- deliver services through professional, trained and happy colleagues.

Financial Conduct Authority

The Group includes four legal entities which are authorised and regulated by the FCA: Zenith Vehicle Contracts Limited, ZenAuto Limited, Leasedrive Limited and Provecta Car Plan Limited.

All products, services, policies and procedures are aligned with legislation and regulations to ensure that we deliver good outcomes to all our customers. We assess our products, services and interactions with customers to ensure we continually deliver good outcomes. We use conduct risk/customer outcome management information to assist in identifying any poor outcomes quickly so that these can be rectified as soon as possible.

We put customers at the heart of everything we do, we focus on their diverse needs at every stage of our relationship.

We ensure we provide the right information at the right time, so customers are able to make an informed decision.

To ensure compliance with regulatory requirements and to continue to deliver excellent customer outcomes, a programme of compliance monitoring activity is undertaken in accordance with our compliance monitoring plan. To keep abreast of regulatory change, the regulatory horizon is constantly scanned and any changes that impact Zenith are assessed, and action is taken where necessary to ensure ongoing compliance.

Corporate governance
(continued)

Vulnerable customers

Vulnerable customer champions support colleagues across the regulated entities. These champions are collectively responsible for analysing and reviewing our processes, systems, documentation and training around vulnerable customers, to support continuous development in identifying and assisting them. The champions meet regularly at the vulnerable customers forum to share best practice and areas of improvement.

Information security and data protection

Zenith works in a data-driven environment where information security and data protection are of paramount importance. The business aims to be a trusted data custodian for all stakeholders, implementing industry-leading standards and international best practice.

Data management frameworks incorporate appropriate technical and organisational measures, to comply with relevant law and maintain the confidentiality, integrity and availability of data. The Zenith information security management system is accredited to ISO/IEC 27001:13 and our privacy management framework is underpinned by an assurance model, developed by a recognised professional services and audit company. The privacy management framework is maintained by our Data Protection Officer, who is accredited to CIPP/E and CIPM (The International Association of Privacy Professionals (IAPP)). We utilise a life cycle model to continuously measure and improve our privacy programme.

We have put in place appropriate technological and organisational security measures to prevent personal data from being accidentally lost, used or accessed in an unauthorised way, altered or disclosed. We use industry-recognised tools and partnerships to secure our network, systems and software, including web-filtering and data loss prevention tooling, network intrusion monitoring and a 24/7/365 SOC/SIEM solution, database patching, penetration testing and vulnerability scanning, anti-virus and firewall software, PCI DSS compliant payment software, encryption and anonymisation tooling, where it is appropriate to do so.

In addition, we operate internal policies and procedures that cover access controls and privileged access management, IT acceptable usage, mobile devices, data breach and cyber-attack response plans, business continuity management and physical office controls. We also operate several delegated groups who are responsible for ensuring that systems are stable, secure, available and performant (covering vulnerabilities, patches, business change, project management and development).

Under the FCA's SM&CR regime, directors of the business are accountable for managing the data in their business areas (referred to internally as "information risk owners"). They are supported by "data guardians" who are operational managers acting on behalf of their information risk owner and responsible for delivering mandatory and risk-based activities regarding information security (e.g. access control reviews) and data protection (e.g. data protection impact assessments).

In addition, data guardians act as advocates for managing data responsibly and fielding queries from their operational teams. Data guardians and information risk owners are supported with subject matter expertise by the information security team and Data Protection Officer, and chair regular meetings with information risk officers and their data guardians providing metrics, discussing priority actions, and addressing any issues and trends.

Corporate governance
(continued)

Human rights, labour standards and modern slavery

Zenith recognises the right of every individual to liberty, freedom of association and personal safety. The business observes internationally recognised standards set out in the UN Universal Declaration of Human Rights and the International Labour Organisation (ILO) conventions. A suite of policies and procedures supports this commitment to upholding labour standards for employees. These include:

- harassment and bullying
- grievance
- equality
- equity, diversity and inclusion
- health and safety
- child labour and safeguarding
- modern slavery and human trafficking.

A modern slavery transparency statement is published annually on the Zenith website. This details the steps taken to ensure that modern slavery and human trafficking offences do not occur in the business or its supply chain. It also articulates our commitment to be an industry leader in tackling unequal labour conditions globally.

Zenith's longstanding commitment to conducting business ethically, and to preventing slavery and human trafficking, includes the following measures:

- A collaborative approach with the supply chain, encouraging transparency and providing support, guidance and monitoring to tackle any reported issue; serious or repeated violations may result in reduced volume of business or exclusion.
- Annual training for stakeholders, both internal and external.
- A supplier life cycle and procurement policy incorporating pre-contractual supplier due diligence, comprehensive contractual agreements, periodic review and a supplier code of conduct.
- Annual risk assessment of the supply chain.
- Whistleblowing procedures and a contractual requirement for direct supply partners to our operational business to monitor compliance and report matters of concern.
- A supplier governance and risk forum responsible for supply chain risk management and reviewing legislative and regulatory changes that may impact Zenith's business or supply chain (responsibilities for the forum include modern slavery).

Equality

Zenith is committed to promoting equality of opportunity. It is Group policy that there should be no discrimination, harassment or victimisation of any employee, job applicant, customer, service provider or member of the public because of a protected characteristic.

The policy has three main objectives:

- Encouraging employees to take an active role in combatting all forms of unlawful discrimination, harassment and victimisation.
- Deterring employees from participating in any such unlawful behaviour.
- Demonstrating to employees that they can rely on the support of Zenith in cases of unlawful discrimination, harassment or victimisation at work.

Zenith is fully committed to providing a harmonious working environment that offers equal treatment and opportunity for all employees, where every employee is treated with appropriate dignity and respect.

Financial crime

Financial crime encompasses a range of behaviours that may cause harm to Zenith, its employees, customers, supply chain, investors and even to the wider financial markets.

Zenith is committed to conducting business with the highest degree of integrity, fairness and transparency, in full compliance with all applicable laws and regulations. Embedded controls are in operation throughout the business, with oversight conducted by the Financial Crime Compliance Officer and the Group Anti-Money Laundering Reporting Officer. Control adherence is assessed through first-line quality assurance programmes and KPIs are included in monthly Board packs.

Corporate governance
(continued)

Business continuity

The continued success of Zenith depends on its ability to deliver ongoing, high-quality services for stakeholders. The purpose of the business continuity management programme is to maintain robust plans and procedures that enable a fast and effective response in the event of any unforeseen disruption that threatens employees and/or continued operations.

Zenith is committed to improving operational resilience through effective identification and treatment of risks that could result in or worsen a business continuity event. Routine testing and review provides confidence that the system is both appropriate and effective. Routine testing and review provide confidence that the system is both appropriate and effective.

Tax planning

Zenith remains committed to the principles of openness, transparency and honesty when managing its tax affairs and when dealing with HMRC.

The business recognises that tax is inherent in many commercial transactions thus the Chief Financial Officer (CFO) (who is also the Senior Accounting Officer (SAO)) is involved in the decision-making process of material transactions and provides appropriate input into business proposals to ensure a clear understanding of the tax consequences of any decisions made.

Zenith will not undertake tax planning that is contrived or artificial where the sole purpose is to reduce its tax liability. In cases where the tax guidance is unclear or the necessary expertise isn't available internally, the Group will seek external advice to assess the tax consequences and facilitate in the decision making process.

Regulatory training

In addition to role-related training, new starters complete Group essential training within two weeks of joining. This includes subjects such as financial crime, data protection, information security, FCA, health and safety, and respect and equality. Existing colleagues receive annual refresher training, supplemented by ad hoc awareness campaigns.

To continually assess awareness of these topics, colleagues complete questionnaires delivered by our third-party LMS platform, Cognexo. Questions are sent to colleagues by email every day, and Cognexo measures the responses and reports against KPIs. This tool also uses artificial intelligence to curate content, and challenges users to develop their understanding. All directors receive a report on team compliance.

We've implemented our Board and executive structures to ensure clear accountability and reporting lines, but also to facilitate the upward and downward flow of information and oversight.

Corporate governance
(continued)

Holding Board

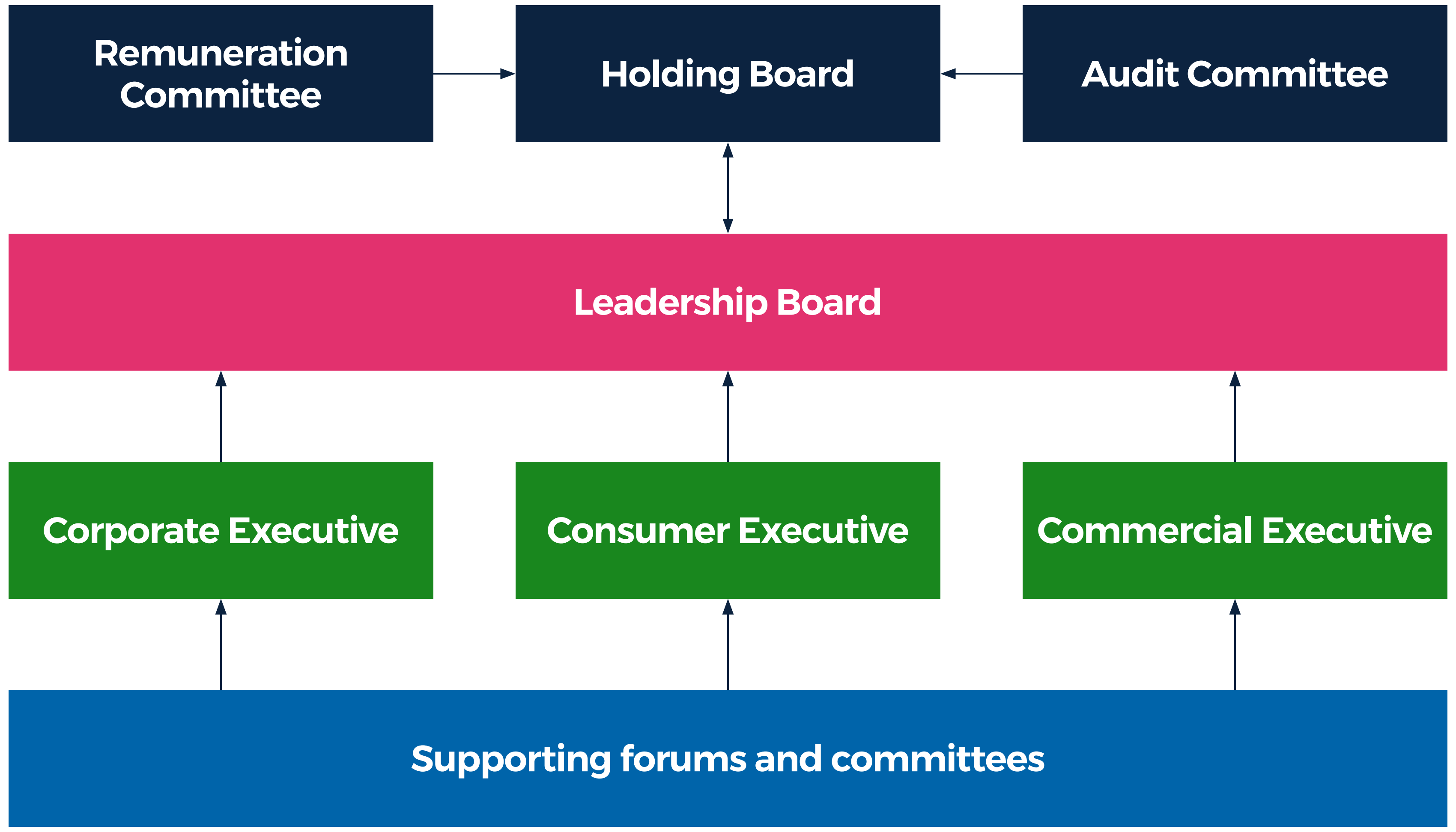
The Holding Board is ultimately responsible for ensuring the success of Zenith. It does this by collectively directing the affairs of the business, balancing its interests against those of shareholders and stakeholders where appropriate. The Holding Board provides strategic direction, purpose and governance within a framework that enables risk to be assessed and managed, and commercial opportunities to be realised.

Leadership Board

With authority delegated from the Holding Board, the Leadership Board implements the policy and strategy adopted by the Holding Board and deals with operational matters affecting the Zenith Group. It reviews detailed management information, including performance metrics and risk, sets behavioural standards, and ensures the necessary financial and human resources are in place for the business to meet its strategy and objectives.

Divisions

Each of Zenith's three divisions also has its own Executive Committee. These committees review performance topics that underpin the ongoing effectiveness of existing controls, process and behaviours within the three divisions, and cover operational, commercial and regulatory matters. The committees provide close review and oversight of each function, and report matters arising to the Leadership Board.



Corporate governance
(continued)

Board and committee structure and scope

Board/ committee	Key	Scope
Holding Board	HB	The Holding Board directs the affairs of the Group taking into consideration Zenith's various stakeholders and interests. It provides strategic governance and challenge as appropriate.
Leadership Board	LB	The Leadership Board is tasked with executing strategy and policy, while also dealing with operational matters. Setting the tone from the top in relation to delivering good customer outcomes and managing enterprise risk.
Audit Committee	AC	The Audit Committee oversees overall financial reporting, related internal controls and risks, ethics and compliance, and the Group's audit processes.
Remuneration Committee	RC	The Remuneration Committee sets remuneration policy, determines directors' and senior managers' total individual remuneration packages and sets targets for performance-related pay.
Corporate Executive **Commercial Executive** **Consumer Executive**	Corp E Com E Con E	The three Executive Committees are responsible for the review and oversight of matters associated with the performance and operation of each division and execution of the strategy. They discuss and act on risks in need of further escalation and examine key performance topics and management information to ensure effectiveness of processes and controls. Additionally, the Consumer Executive Committee oversees the delivery of good customer outcomes, ensuring we're compliant with the FCA requirements.
Information Security Board	ISB	The Information Security Board (ISB) assists the Leadership Board of Zenith in fulfilling its information security responsibilities by providing oversight and ensuring alignment between the company's information security strategy and its strategic, legal and regulatory obligations.
ESG Committee	ESG	The Environmental, Social and Governance (ESG) Committee is responsible for the developing and delivering our sustainability strategy: People Powered Impact. It ensures appropriate oversight and reporting procedures are in place to evaluate progress against our commitments to deliver a positive impact for the environment, people and society.
Diversity Committee	DI	The Diversity Committee sets the vision and strategy for Equity, Diversity & Inclusion (ED&I) across the Zenith Group. It coordinates the activities undertaken by employees and our six focus groups, and supports communications and planning.
Supplier governance and risk forum	SG	The forum assists the Group in identifying and managing third-party risk through the timely and consistent completion of pre-contractual due diligence, in-life auditing and monitoring, and ongoing risk management.

Board/ committee	Key	Scope
SMR Committee	SMR	The Service, Maintenance and Repair (SMR) Committee reviews and evaluates the Group's service, maintenance and repair underwriting controls and benchmarks, to ensure that the Group is taking an appropriate level of risk in these areas across all channels.
Customer Outcomes Committee	COC	This committee is responsible for discussing conduct issues relating to our Consumer division and reviewing management information to assess the extent to which customers are receiving great outcomes, identifying any risks to the delivery of such outcomes and any impact of regulatory change.
Residual Value Committee **Pricing Committee**	RVC PRC	The Residual Value Committee (RVC) and Pricing Committee (PRC) review and evaluate the Group's residual value controls and benchmarks to ensure that the Group is taking an appropriate level of associated risk across all channels. The committees are also responsible for the review and oversight of all customer pricing.
Credit Committee	CC	This committee reviews and evaluates areas of credit risk taken by the Group, mainly via customer credit that is funded via securitisation and back-to-back funding, in order to ensure that the Group is taking appropriate risks according to risk appetite. The committee also takes decisions about how to mitigate such risks where appropriate and is independent of the divisions.
Data protection and information security forum	ISC	These forums combine information risk owners, data guardians, the Data Protection Officer and the information security team to address any risks, and to monitor and mature data protection and information security frameworks.
Health and Safety (H&S) Committee – Commercial division	H&S	The Commercial Health & Safety (H&S) Committee's purpose is to provide, with the support of its advisers, the strategic leadership and governance of H&S within the Commercial division. It sets policies, identifies improvement opportunities, agrees and prioritises the plan of action, and ensures those with management responsibility are accountable for H&S.
Colleague forum	CF	The colleague forum is attended by employees from all levels and across all areas of the business. They provide feedback and insight into our working environment, share best practice and input on policy or structure changes as necessary.
Green Financing Working Group	GF	The Green Financing Working Group is responsible for the evaluation and selection process of proceeds related to the Zenith's green financing. It screens eligibility criteria and recommends eligible expenditures for inclusion to the ESG Committee.

Holding Board

Handy hint
Roll over initials to see their full terms

Meet our Holding Board

Lord Stuart Rose
Chair

Stuart has over 40 years' experience in the consumer and retail sectors, during which time he has served as Chief Executive at Argos plc, Booker plc, Arcadia Group plc and Marks & Spencer plc, and as Chairman of Ocado between 2012 and 2021. Alongside chairing Zenith, he also chairs EG Group and Asda. He was knighted in 2008 for services to the retail industry and corporate social responsibility, and was appointed to the House of Lords in 2014.

HB AC RC

Tim Buchan
Chief Executive Officer

Tim manages the Group's corporate strategy and culture, and is responsible for directing its proposition, leadership team and new business growth. Following roles with multi-franchise dealerships, Avis Assistance and LeasePlan, Tim started his career with Zenith as Sales and Marketing Director in 2005, becoming Group Operations Director, and then CEO in 2010. Tim also sits on the Committee of Management for the BVRLA which supports the overall interests of the UK leasing and rental sector.

HB LB AC RC ConE DI

Mark Phillips
Chief Financial Officer

Mark has overall responsibility for the finance functions of the Group. He also leads the Group's risk management, treasury, and legal and compliance teams. Before joining Zenith in 1998, Mark was the Group Financial Controller at Holliday Chemical Holdings plc and an Audit Manager with Andersen. Mark holds a BA (Hons) in economics from Newcastle University and is an ICAEW chartered accountant.

HB LB AC RC ConE SMR RVC PRC CC

Holding Board (continued)

Handy hint
Roll over initials to see their full terms

Patrick Fox*
Investor and Bridgepoint Director

Patrick is a Senior Partner at Bridgepoint. He joined the Firm in 2002, establishing the Bridgepoint purchasing scheme delivering procurement best practice and savings to investee companies.

Patrick has worked extensively on investments across Europe and currently sits on the boards of BKUK, Cambridge Education, EVAC, Zenith and TüvTurk.

Prior to joining Bridgepoint he worked for JP Morgan and BNP Paribas. In addition he has management experience in the engineering and food sectors.

Patrick is a graduate of Oxford University.

*Subsequent to the year end, on 18 July 2024, Patrick Fox was appointed to the Board.

HB AC RC

Guy Weldon
Investor and Bridgepoint Director

Guy is Group Managing Partner and Head of Investment Activities at Bridgepoint. He is a member of the firm's Executive Committee, co-Chair of the Bridgepoint Europe Investment Committee and Chair of Bridgepoint Credit. He has worked extensively on private equity transactions across Europe over a 30-year career and served on numerous Boards. He is also Chair of the Campaign Board of Durham University.

HB RC

Emma Watford*
Investor and Bridgepoint Director

Emma is a Partner at Bridgepoint, co-head of Bridgepoint Europe investment activities in the UK, and co-chair of the Bridgepoint Diversity and Inclusion Committee. She also sits on the Board of Inspired Thinking Group and Hobbycraft. Emma is a member of the UK Takeover Panel and sits on the Advisory Council of Level 20, a not-for-profit organisation aligned around a common vision of improving gender diversity in the private equity industry. She holds a first class degree in chemistry from Oxford University and an MBA with distinction from Harvard Business School where she was a Fulbright Scholar.

*Subsequent to the year end, on 18 July 2024, Emma Watford resigned from the Board.

HB AC RC

Manisha Patel
Assistant General Counsel and Group Secretary

Manisha joined Zenith in 2012. Prior to joining the Group, Manisha completed her training at DLA Piper and then moved to Pinsent Masons on qualification. While at Pinsent Masons, Manisha was seconded to Speedy Hire plc and Synthomer plc. She earned her LLB in law and German with honours from the University of Hull and completed the legal practice course at the University of Sheffield.

HB ConE AC ESG

Overview
Strategic report
Our strategy in detail
Our strategy in action
Finance, governance and risk
Governance report
Financial statements

Leadership Board

Handy hint
Roll over initials to see their full terms

Meet our Leadership Board

Ian Hughes
CEO – Corporate and Consumer Division

Ian is responsible for the both the Group's Corporate and Consumer division, including in-life operations, accident management, daily rental, customer services, new customer acquisition and existing relationship management along with the LCV proposition. He has worked with Zenith for over a decade, having joined as Commercial Director in 2010. Prior to Zenith, Ian has held a wide range of roles with Budget Rent-a-Car from 1991 to 1998, Honda from 1998 to 2005, and Citroën from 2005 to 2010.

LB Corp E PRC Con E

Martin Jenkins
CEO – Commercial Division and Group Strategy Director

Martin is responsible for the Group's Commercial division and for Group strategy, including mergers and acquisitions. He joined Zenith after a 28-year career with Deloitte where he was a Corporate Finance Partner for 17 years and latterly eight years as Practice Senior Partner for the Yorkshire and North East region. While with Deloitte, Martin focused on M&A and strategic advisory projects in the leasing and automotive services industry and worked as an adviser to Zenith for over 15 years before joining the business in January 2018. He holds a BA in human geography and economics from London University, Queen Mary College, and is a chartered accountant and fellow of the ICAEW.

LB Com E RVC H&S

Andrew Kirby
Group Transformation Director

Andrew has recently taken on a new role to lead the Group's transformation programme, having previously been CEO of the rental team. Prior to joining Zenith in 2013 he worked in the fleet industry at director level for over 15 years, in roles including sales and marketing, customer relationships, customer services and operations, employee schemes, strategic development, merger integrations and change management. He holds an MBA from the Cranfield School of Management and a Sloan Fellowship MSc from the London Business School.

LB H&S

Ian Gibson
Chief Information Officer

Ian devises and delivers the strategy for technology, systems and information services, and also leads business change and transformation across the Group with specialism in acquisition separation and integration. Ian joined the Group in 2015, has over 20 years' experience in the industry and has held various Board level roles across technology, transformation, operations and finance in different sectors having had an earlier career as a management consultant and accountant. Ian is a management graduate of the University of Bradford and an ICAEW chartered accountant.

LB ISC Con E




Leadership Board
(continued)

Handy hint
Roll over initials to see their full terms

Stuart Price
Chief People Officer

Stuart leads the people team and is responsible for delivering the people strategy, and creating a culture that attracts, develops and retains an engaged and high-performing workforce. He brings experience in leading mergers and acquisitions, organisational design and change, culture and performance improvement, and leadership development. Before joining Zenith in January 2021, he worked in the food, retail and healthcare sectors. Stuart attended the University of Southampton and holds a post-graduate certificate in business and executive coaching and psychology from Leeds Beckett University.

LB ESG RC CF DI

Nicola Brown*
Group Finance Director

Nicola is responsible for financial reporting and control, financial planning and analysis, and leading the finance function through our technology transition. Prior to joining Zenith in 2023, Nicola spent ten years at Walgreens Boots Alliance in several finance roles including Commercial FD for Boots UK and Global IT FD. Nicola also worked at Carphone Warehouse Plc and started her career on the Centrica Plc graduate programme, working across various functions and locations, including the US and Canada. Nicola has a BSc in mathematics & accounting from Newcastle University and is an ACCA fellow.

*During the year, Nicola Brown was appointed to the Leadership Board, and on 24 July she was appointed director of Zenith Finco plc and other Group subsidiaries.

LB ConE

James Edwards
Group General Counsel

James leads the Group's legal and compliance teams and company Secretariat. As a member of the Leadership Board and other key working committees, he provides strategic direction from a legal and regulatory perspective. Before joining Zenith in 2016 he worked at HSBC (including a one-year secondment in the United States) and at the Kelda Group. He holds an LLB from the University of Hull and has completed a legal practice course at the York College of Law.

LB ISB ESG SG ISC H&S CF GF

Gemma Bacon*
Chief Marketing Officer

Gemma is Chief Marketing Officer for Zenith and is responsible for leading the Group's brand and marketing strategy. Prior to being appointed CMO and joining the Leadership Board, Gemma held the position of Marketing Director for Zenith's Consumer channel, ZenAuto. Before Zenith, Gemma's career has largely been in financial and professional services firms including CMO for Mortgage Advice Bureau Plc. She holds an MSc in management and marketing from Nottingham Business School.

*During the year, Gemma Bacon was appointed to the Leadership Board

LB ESG ConE

Directors' report

Directors' report

The principal activity of the Group is vehicle finance solutions to fund company cars, commercial vehicles, personal contract hire, provide flexible benefit schemes, short term rentals or fully outsourced fleet management services. We have a strong focus on high quality service delivery and innovation.

Business Review

The directors present their annual report and audited financial statements for the year ended 31 March 2024.

The Group's operating profit before depreciation of owned tangible fixed assets, amortisation of goodwill and intangible assets, exceptional items and impairment of vehicle assets is £62.1 million (2023: £79.4 million). This measure of profit (adjusted EBITDA) is an important KPI for the group.

The Group made a statutory operating loss of £49.7 million (2023: £48.3 million profit) and loss after tax for the period of £165.2 million (2023: £71.4 million), however this was after deducting non-cash items of £56.3 million (2023: £53.6 million[1]) for amortisation of goodwill and intangibles, impairment of vehicle assets of £51.4 million (2023: nil) and preference share and loan note interest of £84.0 million (2023: £76.1 million).

The Group is cash generative and is forecast to continue to be so for the foreseeable future.

Directors

The directors who served during the period and to the date of this report were:

Tim Buchan is Chief Executive Officer
Tim manages the Group's corporate strategy and culture, and is responsible for directing its proposition, leadership team, and new business growth. Following roles with multi-franchise dealerships, Avis Assistance, and LeasePlan, Tim started his career with Zenith as Sales and Marketing Director in 2005, becoming Group Operations Director, and then CEO in 2010. Tim also sits on the Committee of Management for the British Vehicle and Rental Lease Association (BVRLA) which supports the overall interests of the UK leasing and rental sector.

Mark Phillips is Chief Financial Officer
Mark has overall responsibility for the finance functions of the Group. He also leads the Group's Risk Management, Treasury, and Legal and Compliance teams. Before joining Zenith in 1998, Mark was the Group Financial Controller at Holliday Chemical Holdings plc and an Audit Manager with Andersen. Mark holds a BA (Hons) in economics from Newcastle University and is an ICAEW chartered accountant.

Lord Stuart Rose is Chairman
Stuart has over 40 years' experience in the consumer and retail sectors, during which time he has served as Chief Executive at Argos plc, Booker plc, Arcadia Group plc and Marks & Spencer plc and as Chairman of Ocado from 2012 to 2021. Alongside chairing Zenith, he also chairs EG Group and Asda. He was knighted in 2008 for services to the retail industry and corporate social responsibility, and was appointed to the House of Lords in 2014.

Emma Watford is Non-Executive Director (resigned 18 July 2024)
Emma is a Partner at Bridgepoint, co-head of Bridgepoint Europe investment activities in the UK, and co-chair of the Bridgepoint diversity and inclusion committee. She also sits on the board of Inspired Thinking Group and Hobbycraft. Emma is a member of the UK Takeover Panel and sits on the advisory council of Level 20, a not-for-profit organisation aligned around a common vision of improving gender diversity in the private equity industry. She holds a first class degree in chemistry from Oxford University and an MBA with distinction from Harvard Business School where she was a Fulbright Scholar.

Guy Weldon is Non-Executive Director
Guy is Group Managing Partner and Head of investment activities at Bridgepoint. He is a member of the firm's Executive Committee, co-chair of the Bridgepoint Europe investment committee and Chair of Bridgepoint Credit. He has worked extensively on private equity transactions across Europe over a 30-year career and served on numerous boards. He is also Chair of the Campaign Board of Durham University.

Patrick Fox is Non-Executive Director (appointed 18 July 2024)
Patrick is a Senior Partner at Bridgepoint. He joined the Firm in 2002, establishing the Bridgepoint purchasing scheme delivering procurement best practice and savings to investee companies. Patrick has worked extensively on investments across Europe and currently sits on the boards of BKUK, Cambridge Education, EVAC, Zenith and TüvTurk. Prior to joining Bridgepoint he worked for JP Morgan and BNP Paribas. In addition he has management experience in the engineering and food sectors. Patrick is a graduate of Oxford University.

1. This figure has been restated in relation to 2023. Please see note 27 for further details.

Directors' report
(continued)

Manisha Patel is Company Secretary
Manisha joined Zenith in 2012. Prior to joining the Group, Manisha completed her training at DLA Piper and then moved to Pinsent Masons on qualification. While at Pinsent Masons, Manisha was seconded to Speedy Hire plc and Synthomer plc. She earned her LLB in Law and German with honours from the University of Hull and completed the legal practice course at the University of Sheffield.

Directors remuneration under incentive schemes

None of the directors received remuneration under long-term incentive schemes during the current or previous year. No directors exercised any share options and no shares were received in respect of a long-term incentive scheme during the current or previous year.

Registered Office

The Company's registered office is:

Number One
Great Exhibition Way
Kirkstall Forge
Leeds
England
LS5 3BF

The company is a private limited company registered in England and Wales.

Directors Indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors during the period and these remain in force at the date of this report. The indemnity provisions are also for the benefit of directors of subsidiary undertakings.

Results and dividends

No dividends were paid in the year (2023: £nil) and no dividends have been declared during the year or post year end. For discussion on the Group financial performance for the year please refer to the Strategic Report.

Principal risks and uncertainties

The principal risks and uncertainties of the Group and Company are discussed in the Strategic Report.

Future Developments

The directors set out in the Strategic Report the future developments of the business.

Going concern

The Group has considerable financial resources, a broad customer base across different business sectors and diversified income streams. Furthermore, the Group is able to alter elements of its operations and commercial positions, and tactical decision-making, in an agile way, to counter potential negative impacts that arise from the economic environment and within its numerous markets. This has been illustrated in recent financial years, with robust Group performance despite challenges in the automotive industry, namely semiconductor shortages and market pressures on residual values, and broader macroeconomic headwinds with a sustained period of high inflation and interest rates.

Therefore, the directors believe that the Group is well placed to manage its business risks successfully despite continuing uncertainty about the economic outlook in the UK.

The directors of the Group have considered the adoption of the going concern basis in preparing the financial statements given the economic climate and have formed the conclusion that there are no material uncertainties with respect to the Group's ability to continue as a going concern for the foreseeable future. In forming this view, the directors have considered: the Group's financial position, the Group's budgets and trading forecasts (including stress-testing these forecasts based on the principal risks facing the Group); and the committed debt facilities available to the Group together with forecast headroom against those borrowing facilities (including against covenants), and including the impact of reasonable sensitivities and foreseen uncertainties. This includes the upsize in July 2024 to the EFP securitisation facility of £300 million, with £150 million committed and a further £150 million uncommitted, and a corresponding reduction of £50 million in the FFL securitisation facility, resulting in a total securitisation facility size of £1,225 million including uncommitted amounts. This also includes the senior secured notes and revolving credit facilities (arranged in January 2022, repayable in mid-2027, in the amount of £475 million and £65 million respectively).

Directors' report
(continued)

The securitisations, by their nature as special purpose vehicles (SPVs), are remote from the Company and the rest of the Group's subsidiaries (i.e. non-recourse, in commercial terms, though we acknowledge that we consolidate the results of these SPVs); the senior secured notes carry no maintenance (e.g. financial) covenants; and the revolving credit facilities carry a financial covenant that is only tested when the facilities are substantially drawn, and, in the event of failing a covenant test, are limited in effect to stopping further drawings on that same facility. These limitations on the trigger and enforcement of such facilities materially reduce the chances of, and implications of, potential negative consequences, if the financial condition or performance of the Group or Company deteriorated.

Due to the nature of the Group's business model, which mainly relates to leases of between three to five years to large corporate customers, the degree of visibility over our future earnings is high. We believe that Zenith is well positioned to navigate any further periods of disruption, uncertainty or deterioration in our chosen markets, the financial markets or the UK economy as a whole. More details of our strategy and these risks are included in the Strategic Report.

On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Post balance sheet events

In July 2024, the EFP securitisation facility was upsized by £300 million, with £150 million committed and a further £150 million uncommitted. There was a corresponding reduction of £50 million in the FFL securitisation facility, resulting in a total securitisation facility size of £1,225 million including uncommitted amounts.

Charitable and political contributions

During the year the Group made charitable donations of £17,256 (2023: £78,560), principally to local charities serving the communities in which the Group operates. The Group made no political contributions in the year (2023: £nil).

Employees and training

Much of the Group's success can be attributed to its policy of progressive training and development of employees. The growing expertise and confidence of its employees has enabled the Group to deliver sophisticated products to its customer base in a very professional manner. The directors are thankful to all employees for the way in which they continually meet the demands made of them.

The directors' engagement with employees, regard to employees' interests and the influence of that on principal decisions taken by the Company are described in the Strategic Report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation and engagement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The employee share scheme has been running successfully since its inception and is open to all employees who have served a pre-defined time requirement with the Company. In addition, all eligible employees may receive an annual bonus related to the overall profitability of the Group. Further information can be found in the Strategic Report.

Energy use and carbon emissions

Energy use and carbon emissions disclosures for the financial year ended 31 March 2024 are included in the Strategic Report. The table below includes our total Scope 1, Scope 2 and Scope 3 value chain greenhouse gas (GHG) emissions and our mandatory reporting of greenhouse gas (GHG) emissions based on the streamlined energy and carbon reporting (SECR) framework. This is based on the Group's GHG emissions for the year 1 April 2023 to 31 March 2024.

Our methodology used to calculate our emissions is based on the 'Environmental Reporting Guidelines: including mandatory GHG emissions reporting guidance' issued by the Department for Business, Energy & Industrial Strategy (BEIS), Department for Environment, Food & Rural Affairs (DEFRA).

Directors' report
(continued)

We were successful in reducing our scope 1 and scope 2 emissions during the year, for the reasons outlined in the Strategic Report. Since our last disclosure, we have improved the reporting of our scope 3 emissions to now include all Scope 3 categories that sit within our boundary, widening the extent of the emissions that we were successfully able to measure, analyse and report. We were successful in reducing our Scope 3 emissions due to transitioning vehicles within our funded fleet to zero emissions from internal combustion engines.

Greenhouse gas emissions

	Year ended 31 March 2024	Year ended 31 March 2023
Scope 1 emissions (tonnes CO_2e)	1,968	2,106
Scope 2 emissions (tonnes CO_2e)	785	1,044
Scope 3 emissions (tonnes CO_2e)	567,323	601,586
Total greenhouse gas emissions (tonnes CO_2e)	570,076	604,736
SECR – Scope 1 and 2 GHG emissions and scope 3 business travel (tonnes CO_2e)	2,816	3,277
SECR – Scope 1 and 2 energy consumption and scope 3 business car travel (kWh)	5,300,192	6,214,280
Total GHG emissions (Scope 1, 2 and 3) tCO_2e per £1 million of turnover (£788.4 million)	723	879

Notes
Our calculations have been made in accordance with the GHG Reporting Protocol – Corporate Standard, GHG Protocol – Corporate Value Chain (Scope 3) standard, and using UK Government conversion factors. Our FY24 emissions have been verified in line with the International Standard ISO 14064-3: 2019 "Greenhouse gases: Specification with guidance for the verification and validation of greenhouse gas statements" to a limited assurance level.

The Scope 3 emissions disclosures includes all those that sit within our value chain; purchased goods and services, capital goods, fuel-and-energy-related activities (not included in Scope 1 or 2), waste generated in operations, business travel, employee commuting, downstream transportation and distribution and downstream leased assets.

We submitted our near-term and net zero carbon reduction targets to science-based targets initiative (SBTi) in January 2024. The validation process is scheduled to begin with them in June 2024.

As a result of the improved emissions reporting referred to above, we have restated the comparatives for the year ended 31 March 2023.

Statement on business relationships

The business relationships of the Company are discussed in the S172(1) section of the Strategic Report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

M T Phillips
Director

27 July 2024

Section 172

Our strategy either impacts upon or requires collaboration with our stakeholders, meaning that all our stakeholders' priorities, input and engagement are at the forefront of the Holding Board's decision-making as we navigate the road ahead.

The Holding Board confirms that during the year under review, it has acted to promote the long-term success of the Company for the benefit of our shareholders, while having due regard to the matters set out in Section 172(1)(a) and (f) of the Companies Act 2006.

The directors are aware that in order to progress our strategy and deliver on our vision, that stakeholder engagement is vital to understand what matters most to our stakeholders, assess the likely impact of any key decisions and ultimately deliver long-term value to all our stakeholders. Details of how we engaged with our different groups of stakeholders during the last financial year can be found within the stakeholder engagement section.

How the Holding Board fulfils its duties under Section 172

The Holding Board receives an update from the divisional CEOs at each Board meeting which details any substantial engagement since the last meeting. In addition, there are standing agenda items at each meeting to ensure that the Board receive relevant updates on all of our key stakeholders; through regular reports from internal subject matter experts and the divisional CEOs. This is supplemented by "teach-in" sessions from our key heads of function; such as sales and marketing, customer services, legal and compliance, investor relations, sustainability and supply chain.

The Holding Board is aware that in some situations, stakeholders' interests will be conflicted, resulting in the prioritisation and balancing of interests. The Holding Board, led by the chair, ensures that as part of its decision-making process, the directors assess the impact of the decision on our stakeholders and the likely consequences of any decision in the long term. The infographic below shows how the Holding Board approaches its decision-making and fulfils its duties under Section 172.

Setting our mission, purpose and values

The Holding Board sets the above which dictates how we operate and engage with our stakeholders.

Diverse set of skills, knowledge and experience

Diversity of thought, skills and experience across our senior management supports our ability to consider different stakeholder concerns and make informed decisions.

Board information

Our Holding Board and committee structure ensures all of our stakeholder concerns are passed up to the Board directors.

Board discussion and decision

Prior to making any strategic decision, the Holding Board will provide rigorous evaluation and risk management to ensure that all stakeholder groups are considered and that it supports long-term sustainable success.

Monitoring

The Holding Board receives regular updates, information and KPIs from the sub-boards and committees which ensures that they are aware and conscious of stakeholder concerns. Further information on our governance structure can be found in our Corporate Governance section.

Section 172
(continued)

Case study

Initiating a BEV extension programme to mitigate RV risk and inflation of lease costs for drivers

The Group will always respond to market conditions to protect our business and stakeholders' interests.

In collaboration with the Leadership Board, the Holding Board considered the long-term impact of rising costs of BEVs on our Corporate customers, along with the impact of falling residual value BEV rates on the business. When our Corporate and Consumer customers were coming to order a new vehicle, they were being hit by the rising costs of equivalent BEVs, which could have led to consumers opting for cheaper ICE vehicles, instead of continuing to drive BEVs, thus having a negative impact on the environment. The Holding Board are committed to ensuring that, as a business, we do everything we can to support our customers in the transition to BEVs, not just at the point of ordering, but throughout their entire BEV journey.

Throughout the year, the Holding Board considered how to protect the business and our stakeholders from this emerging volatile market for new and used BEVs.

In December 2023, the Holding Board delegated management to the Leadership Board, who were tasked with designing a BEV extension programme, by which our Corporate and Consumer customers could extend their BEV for a further 12 months, at the same cost as their current agreement. They decided to pull together a cross-functional project team and placed a key member of the senior team as leader of the programme. By the end of FY24, 30% of our customers who were offered the extension had accepted it. The programme has now become an integral part of our operational rhythm, seeing future cohorts of drivers being offered the option of an extension to ensure the best outcomes for our customers.

Strategic pillars:

- Create value for our shareholders
- Embed sustainability throughout our business
- Be a leader in our chosen markets
- Make a positive impact on society

Relevant stakeholders:

- Business customers
- Consumer customers
- Investors
- Our people
- Planet

Case study

Reaffirming our commitment to Kirkstall Forge

The Group has recently extended the building lease on its headquarters until 2032.

This year, the Holding Board oversaw the renewal of our lease with Kirkstall Forge developers CEG, committing to an extension of the lease until 2032. The site has been home to Zenith since 2017 and provides a modern working environment which benefits from good transport links and plenty of outdoor space.

The Holding Board considered the stability an extension of the lease would provide to colleagues, customers and the community. Not only would it provide confidence to employees about Zenith's future plans, but the commitment would also initiate a number of building improvements, including enhanced EV charging in the underground car park and additional facilities like a multi-faith room, helping attract and retain talent.

As the first tenant in this flagship office development, the Board were also acutely aware of the impact an extension would have on the local community. Providing further investment in the site secures Zenith's status as a key employer in the region, supports the viability of additional retail and leisure facilities, and strengthens the relationships with local schools for apprenticeship and early careers programmes.

Finally, as a site which has been designed for sustainability, the building features the latest technology and materials to achieve highly efficient energy ratings, as well as solar panels on the roof. Its low carbon impact has contributed to the reduction of Zenith's own carbon footprint.

Strategic pillars:

- Create value for our stakeholders
- Embed sustainability throughout our business
- Create the best employee experience
- Make a positive impact on society

Relevant stakeholders:

- Business customers
- Our people
- Planet
- Communities

Financial statements

Independent auditor's report to the members of Zenith Automotive Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

In our opinion the financial statements of Zenith Automotive Holdings Limited (the "parent company") and its subsidiaries (the "group"):

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2024 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statement of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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.

Independent auditor's report to the members of Zenith Automotive Holdings Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the groups's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, financial instruments, impairment, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address these are described below:

- Impairment of goodwill and intangible assets – we evaluated relevant controls; assessed the appropriateness and consistency of management's identification of Cash Generating Units; used valuation specialists to assess the reasonableness of discount rates applied; performed sensitivity analysis to identify key assumptions; challenged management's forecasts for future periods through our understanding of the business and economic environment; and tested the accuracy of the impairment model prepared by management.
- Impairment of residual values – we evaluated relevant controls; reviewed market data for a sample of vehicles to test the accuracy of the base residual values used; reperformed management's impairment calculations; agreed relevant valuation data to external sources; assessed the historical accuracy of residual values used by reviewing subsequent sale values; and assessed and challenged management's key assumptions including forecast residual values and lease extensions.
- Revenue recognition: cut-off of maintenance income – we evaluated relevant controls; reperformed management's maintenance provision calculation; tested the accuracy and completeness of underlying data; and considered the current economic environment in the analysis of forecast maintenance costs.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, those charged with governance, and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing regulatory correspondence.

Independent auditor's report to the members of Zenith Automotive Holdings Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Bainbridge FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
27 July 2024

Consolidated statement of profit and loss

For the year ended 31 March 2024

	Note	Year ended 31 March 2024 £'000	Restated* Year ended 31 March 2023 £'000
Turnover[1]	3	**788,450**	678,981
Cost of sales		**(651,124)**	(505,622)
Gross profit		**137,325**	173,359
Operating Expenses		**(187,044)**	(125,102)
Operating profit before depreciation and impairment of owned tangible fixed assets, amortisation of goodwill and intangible assets and exceptional items		**62,068**	79,405
Depreciation of owned tangible fixed assets	4	**(5,067)**	(3,979)
Amortisation of goodwill	4	**(24,362)**	(24,359)
Amortisation of intangible assets	4	**(31,892)**	(29,197)
Operating exceptional items	6	**(2,022)**	(4,434)
Change of accounting estimates – fleet depreciation	12	**2,907**	30,821
Impairment of fleet vehicles	4	**(51,352)**	–
Operating (loss)/profit	4	**(49,719)**	48,257
Finance costs (net)	5	**(123,025)**	(116,782)
Loss before taxation		**(172,743)**	(68,525)
Tax credit/(charge)	9	**16,537**	(2,839)
Loss for the financial period attributable to the shareholders of the group		**(156,206)**	(71,364)

1. A comprehensive set of statutory and non-statutory performance measures are described in the Glossary from page 193 of this report.

All results derive from continuing operations. The accompanying notes 1 to 27 are an integral part of these financial statements.
*Prior year figures have been restated. See note 27 for details.

Condensed consolidated statement of comprehensive income

For the year ended 31 March 2024

	Note	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Loss for the financial period		**(156,207)**	(71,364)
Hedge (losses)/gains arising during period	23	**(12,858)**	6,910
Tax impact of hedge gains		**3,214**	(1,728)
Total comprehensive loss attributable to the shareholders of the Group		**(165,851)**	(66,182)

Consolidated balance sheet

As at 31 March 2024

	Note	As at 31 March 2024 £'000	Restated* As at 31 March 2023 £'000
Fixed assets			
Goodwill	10	**318,483**	342,842
Intangible assets	11	**340,311**	355,399
Tangible assets	12	**1,029,191**	967,530
		1,687,985	1,665,771
Current assets			
Inventory	14	**7,258**	4,045
Debtors			
– due within one year	15	**193,930**	192,232
– due after one year	15	**169,837**	121,366
Cash at bank and in hand		**84,975**	72,187
		455,999	389,830
Creditors: amounts falling due within one year	16	**(553,180)**	(526,237)
Net current liabilities		**(97,181)**	(136,407)
Total assets less current liabilities		**1,590,804**	1,529,364
Creditors: amounts falling due after more than one year	17	**(1,943,190)**	(1,698,893)
Provisions for liabilities	18	**(90,149)**	(107,154)
Net liabilities		**(442,535)**	(276,683)
Capital and reserves			
Called up share capital	19	**271,546**	271,546
Share premium account		**2,444**	2,444
Hedging reserve		**3,139**	12,782
Profit and loss account		**(719,664)**	(563,455)
Shareholders' deficit		**(442,535)**	(276,683)

*Prior year figures have been restated. See note 27 for details.

The accompanying notes 1 to 27 are an integral part of these financial statements.

The financial statements of Zenith Automotive Holdings Limited (registered number 10574333) were approved by the Board of Directors and authorised for issue on 27 July 2024.

M T Phillips
Director

Company balance sheet

As at 31 March 2024

	Note	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Fixed assets			
Investments	13	**32,508**	32,508
		32,508	32,508
Current assets			
Debtors – due within one year	15	**383,763**	365,696
Cash at bank and in hand		**19**	19
		383,782	365,715
Creditors: amounts falling due within one year	16	**(9,036)**	(4,315)
Net current assets		**374,746**	361,400
Total assets less current liabilities		**407,254**	393,908
Creditors: amounts falling due after more than one year	17	**(251,040)**	(210,547)
Net assets		**156,214**	183,361
Capital and reserves			
Called up share capital	19	**271,546**	271,546
Share premium account		**2,444**	2,444
Profit and loss account		**(117,776)**	(90,629)
Shareholders' equity		**156,214**	183,361

The accompanying notes 1 to 27 are an integral part of these financial statements.

The loss for the year ended 31 March 2024 was £27,145,000 (2023: £23,075,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

The financial statements of Zenith Automotive Holdings Limited (registered number 10574333) were approved by the Board of Directors and authorised for issue on 27 July 2024.

M T Phillips
Director

Consolidated statement of changes in equity

As at 31 March 2024

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Hedging reserve £'000	Total £'000
At 1 April 2022	271,546	2,444	(492,093)	7,600	(210,503)
Loss for the year	–	–	(71,364)	–	(71,364)
Hedges of variable interest rate risk (note 22)	–	–	–	6,910	6,910
Deferred tax charge	–	–	–	(1,728)	(1,728)
Total comprehensive expense	–	–	**(71,364)**	**5,182**	**(66,182)**
At 31 March 2023	**271,546**	**2,444**	**(563,457)**	**12,782**	**(276,685)**
Loss for the financial period	–	–	(156,207)	–	(156,207)
Hedges of variable interest rate risk (note 22)	–	–	–	(12,858)	(12,858)
Deferred tax charge (note 18)	–	–	–	3,214	3,214
Total comprehensive expense	–	–	**(156,207)**	**(9,643)**	**(165,850)**
At 31 March 2024	**271,546**	**2,444**	**(719,664)**	**3,139**	**(442,535)**

The accompanying notes 1 to 27 are an integral part of these financial statements.

Hedging reserve:
Movements in the hedging reserve reflect the change in the fair value of derivative financial instruments designated into hedge accounting relationships in accordance with IFRS 9. The derivatives are originally recognised on the balance sheet at fair value, with fair value gains or losses relating to future periods being recognised in other comprehensive income and therefore outside of the profit and loss account. These will subsequently be released to the profit and loss account in the period the forecasted cash flow it is hedging occurs.

Company statement of changes in equity

As at 31 March 2024

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 2022	271,546	2,444	(67,554)	206,436
Loss for the financial year and total comprehensive expense	–	–	(23,075)	(23,075)
At 31 March 2023	**271,546**	**2,444**	**(90,629)**	**183,361**
Loss for the financial year and total comprehensive expense	–	–	(27,146)	(27,146)
At 31 March 2024	**271,546**	**2,444**	**(117,774)**	**156,215**

The accompanying notes 1 to 27 are an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 31 March 2024

	Note	Year ended 31 March 2024 £'000	Restated* Year ended 31 March 2023 £'000
Operating (loss)/profit		**(49,719)**	48,257
Adjustment for:			
Depreciation charges	4, 12	**172,365**	119,430
Impairment charges	4, 12	**51,352**	–
Amortisation of goodwill and intangibles	10, 11	**56,253**	53,556
Release of deferred financing costs		**(5,125)**	(5,138)
Profit on sale of tangible fixed assets		**(36,337)**	(52,983)
Operating cash flow before movement in working capital		**188,789**	163,122
Capital repayment received from finance lessees		**2,854**	23,186
Decrease/(increase) in debtors		**7,891**	(54,360)
Increase in stock		**(163)**	(57)
(Decrease)/increase in creditors		**(13,425)**	52,248
Increase/(decrease) in provisions		**2,953**	(857)
Net cash inflow from operating activities		**188,898**	183,282
Income tax (paid)		**(5,240)**	(4,493)
Cash flows from investing activities			
Proceeds from sale of operating lease assets		**196,953**	156,168
Receipt from unfunded operating lease assets/(purchase of unfunded operating lease assets)		**15,376**	(12,958)
Purchase of funded vehicle assets		**(524,526)**	(505,446)
Purchase of intangible assets		**(16,803)**	(12,432)
Purchase of non-fleet assets		**(482)**	(5,844)
Net cash flows used in investing activities		**(329,483)**	(380,512)
Cash flows from financing activities			
Repayments of borrowings		**(332,264)**	(258,982)
Drawdown of funding		**524,526**	505,446
Interest paid		**(33,650)**	(32,723)
Net cash flows from financing activities		**158,613**	213,741
Net increase in cash and cash equivalents		**12,788**	12,019
Cash and cash equivalents at start of the year		**72,187**	60,168
Cash and cash equivalents at end of the period		**84,975**	72,187

*Prior year figures have been restated. See note 27 for details.

Proceeds from the sale of operating lease assets are included within vehicle sales turnover (see note 3).

The accompanying notes 1 to 27 are an integral part of these financial statements. The financial statements of Zenith Automotive Holdings Limited (registered number 10574333) were approved by the Board of Directors and authorised for issue on 27 July 2024. Cash and cash equivalents include amounts in respect of Exhibition Finance plc (formerly Bifurcate Funding Limited), Forge Funding Limited and Vehicle Titleco Limited of a total of £30,986,522 (2023: £18,251,000) that are not freely available for use by the Group.

Notes to the financial statements
For the year ended 31 March 2024

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

a. General information and basis of accounting

Zenith Automotive Holdings Limited is a private company limited by shares incorporated in England & Wales under the Companies Act. The address of the registered office is given on page 132. The nature of the Group's operations and its principal activities are set out in the Strategic Report from page 9.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Group has adopted IFRS 9 for classification and measurement of financial instruments and hedge accounting.

The functional currency of Zenith Automotive Holdings Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates. The consolidated financial statements are also presented in pounds sterling.

Zenith Automotive Holdings Limited has taken advantage of the company only disclosure exemptions available under FRS 102 in relation to presentation of a cash flow statement, remuneration of key management personnel and related party transactions, and FRS 102 sections 11 and 12 relating to basic financial instruments and other financial instruments. Where required, the company has prepared separate financial statements.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company, its subsidiary undertakings and other structured entities that are controlled by the Company or its subsidiaries, and are drawn up to 31 March each year. Control is achieved over subsidiaries and structured entities when the Company or a subsidiary: has power over an entity; is exposed, or has rights, to variable returns from its involvement with the entity; and can use its power to affect returns. If facts or circumstances indicate that there are changes to one or more of the three elements of control, the Company reassesses whether it still controls the entity. The Group manages the administration of its securitised assets and is exposed to the risks and rewards of the underlying assets through its continued subordinated investment in the securitisation structures. Where the Group does not retain a direct ownership interest in a securitisation entity, but it has been determined based on the above criteria that the Group controls these entities, they are treated as though subsidiaries and included in the basis of consolidation.

As of the date of these financial statements, our basis of consolidation include our wholly-owned subsidiary undertakings, listed in note 13, and three special purpose vehicles ("Receivables SPVs") created as part of our securitisations. The three Receivables SPVs are (i) Exhibition Finance PLC, related to our non-bifurcated securitisation, (ii) Forge Funding Limited, related to our bifurcated securitisation, and (iii) Vehicle Titleco Limited, which owns title to vehicles in respect of our non-bifurcated securitisations. We consolidate these entities in our financial statements because we are able to exercise control over the operations of the Receivables SPVs.

The results of subsidiaries acquired or sold, and structured entities formed or ceased, are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

c. Going concern

The Group has considerable financial resources, a broad customer base across different business sectors and diversified income streams. Furthermore, the Group is able to alter elements of its operations and commercial positions, and tactical decision-making, in an agile way, to counter potential negative impacts that arise from the economic environment and within its numerous markets. This has been illustrated in recent financial years, with robust Group performance despite challenges in the automotive industry, namely semiconductor shortages and market pressures on residual values, and broader macroeconomic headwinds with a sustained period of high inflation and interest rates.

Therefore, the directors believe that the Group is well placed to manage its business risks successfully despite continuing uncertainty about the economic outlook in the UK.

The directors of the Group have considered the adoption of the going concern basis in preparing the financial statements given the economic climate and have formed the conclusion that there are no material uncertainties with respect to the Group's ability to continue as a going concern for the foreseeable future. In forming this view, the directors have considered: the Group's financial position, the Group's budgets and trading forecasts (including stress-testing these forecasts based on the principal risks facing the Group); and the committed debt facilities available to the Group together with forecast headroom against those borrowing facilities (including against covenants), and including the impact of reasonable sensitivities and foreseen uncertainties. This includes the upsize in July 2024 to the EFP facility of £300 million, with £150 million committed and a further £150 million uncommitted, and a corresponding reduction of £50 million in the FFL facility, resulting in a total securitisation facility size of £1,225 million including uncommitted amounts. This also includes the senior secured notes and revolving credit facilities (arranged in January 2022, repayable in mid-2027, in the amount of £475 million and £65 million respectively).

The securitisations, by their nature as special purpose vehicles (SPVs), are remote from the Company and the rest of the Group's subsidiaries (i.e. non-recourse, in commercial terms, though we acknowledge that we consolidate the results of these SPVs); the senior secured notes carry no maintenance (e.g. financial) covenants; and the revolving credit facilities carry a financial covenant that is only tested when the facilities are substantially drawn, and, in the event of failing a covenant test, are limited in effect to stopping further drawings on that same facility. These limitations on the trigger and enforcement of such facilities materially reduce the chances of, and implications of, potential negative consequences, if the financial condition or performance of the Group or Company deteriorated.

Due to the nature of the Group's business model, which mainly relates to leases of between three to five years to large corporate customers, the degree of visibility over our future earnings is high. We believe that Zenith is well positioned to navigate any further periods of disruption, uncertainty or deterioration in our chosen markets, the financial markets or the UK economy as a whole. More details of our strategy and these risks are included in the Strategic Report.

On this basis, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

d. Vehicle leases

Under FRS 102, a lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. As an indicator of such distinction, our leases are typically for substantially less than the useful economic life of the asset (vehicle), and the present value of the minimum lease payments from customers is substantially less than 90% of the fair value of the value of the asset (vehicle) at the start of the lease. This is supported, in general, by the level of the residual value payments from residual value funders being more than 10% of the initial value of the vehicle.

The obligations for vehicles acquired under finance leases and hire purchase contracts are categorised as creditors due within or after one year as appropriate. Vehicles leased to customers under finance leases and hire purchase contracts are reported as debtors and are stated at the value of the minimum rentals receivable less the finance charges allocated to future period.

Vehicles leased to customers under operating leases are reported as tangible fixed assets including those funded under securitisation. They are stated at their fair value at acquisition less depreciation.

Lease rentals under finance leases and hire purchase contracts is split between repayments of capital and interest, with interest calculated using an effective interest rate methodology.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

Rental income under contract hire operating leases is recognised on a straight-line basis over the period of the contract. Finance income and finance charges on securitised funding are accounted for on an effective interest rate basis.

When a lease contract is amended (such as a lease extension or another form of rescheduled lease), the accounting principles remain the same, such as recognising rental income on a (new) straight-line basis over the remaining period of the (amended) contract.

e. Property leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

f. Turnover

Turnover arises entirely from sales to customers in the UK and Ireland and is generated wholly from the Group's principal business activity. The recognition policies within the single class of business are as follows:

Revenue type	Recognition policies
Interest on finance leases and hire purchase contracts	See vehicle leases
Contract hire rental income	See vehicle leases
Employee car ownership	See vehicle leases
Fleet management and outsourcing fees	On a straight-line basis over the period of contract
Vehicle sales	On despatch
Early termination, excess mileage and servicing charges	Upon termination of the contract
Servicing, maintenance and road fund licence income	On a straight-line basis over the period of contract
Vehicle purchase incentives	On a straight-line basis over the period of lease
Agency rentals	On a straight-line basis over the period of contract

Vehicle sales are measured as sales proceeds net of any directly attributable costs. Vehicle sales, on this basis, are presented within turnover in the financial statements, with the carrying value of the vehicle at disposal included within cost of sales in the financial statements.

g. Employee benefits

The Group participates in a defined contribution scheme. The amounts charged to the profit and loss account in respect of pension costs are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

h. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value over the useful life or period of lease. Assets leased to customers on operating leases are depreciated over the period on a straight-line basis. These assets are held for lease terms that represent a significant portion of the useful economic life of the asset.

If an indicator of potential impairment is identified over the vehicle fixed assets, they are individually tested for impairment by estimating the recoverable amount of the vehicle fixed asset and comparing it to the carrying value of the vehicle fixed asset. If the recoverable amount of the asset is less than its carrying amount, an impairment loss is recognised to reduce the carrying value to its recoverable amount.

Depreciation is provided on other assets as follows:

Leasehold improvements	Over the term of the lease – straight-line
Equipment, fixtures and fittings	10–25% per annum – reducing balance
Vehicles leased to customers under operating leases	Over the term of the lease – straight-line

i. Agency agreements

Agency agreements are accounted for in line with the substance of the agreement. Where the principal risks and rewards are attributable to the Company, the gross revenues and costs are recognised over the period of the contract. Gross receivables and payables from the ultimate customer and to the principal supplier are not recognised in the balance sheet as the Company has no access to the risks and rewards of these items. The committed cost of vehicles subject to repurchase agreements are recognised in debtors and creditors in line with their buy-back commitments. Provision is made for any residual value exposure on a portfolio basis.

j. Maintenance income and connected costs

For incomes under maintenance contracts, the net transaction price proceeds are allocated as the performance obligations are satisfied over the contractual term of the lease. The allocation is based on historical analysis as well as other available information to enable the Group to forecast maintenance cost profile over the lease term. The difference between the amounts charged to customers and amounts recognised as income is accounted for as deferred maintenance income, within provisions. Cost profiles are reviewed periodically to ensure they remain a fair representation of historical repair and maintenance expenditures, adjusted for reasonable expectations of changes in cost profiles. Deferred maintenance income represents contract liabilities for unsatisfied or partially satisfied performance obligations in relation to service, maintenance and repair services. Deferred incomes also materially represent the transaction price that is allocated to future performance obligations.

Provision is made for obligations under maintenance contracts so as to provide a rate of return on maintenance contract revenue that is consistent with present expectations of future obligations. The amount recognised as a provision is the best estimate of consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

k. Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight-line basis over its useful economic life, judged to be 20 years, which is our assessment of the life cycle of continuing trade in our industry and our experience of customer retention and custody in general.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

l. Intangible assets – customer relationships

Customer relationships are fair valued at point of acquisition, this value is capitalised and amortised on a straight-line basis over its useful economic life, which is judged to be 20 years, which is our assessment of the life cycle of continuing trade in our industry and our experience of customer retention and custody in general.

m. Intangible assets – computer software

Computer software is stated at cost, net of amortisation and any provision for impairment, this value is capitalised and amortised on a straight-line basis over its useful economic life, which is judged to be five years.

In the case of intangible assets created by Zenith (i.e. relevant and appropriate expenditures that are accounted as intangible assets), we recognise such assets when they meet the following criteria: that the resource is controlled by the group; that such assets result from past events (not future intentions or obligations); that future economic benefits are expected to flow from the connected expenditure.

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

n. Intangible assets – impairment

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units (CGUs) of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis. Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

o. Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities (other than financial asset and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Classification of financial asset

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding.

Notes to the financial statements
For the year ended 31 March 2024 (continued)

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in the profit or loss and is included in the “Finance costs” line item.

Impairment of financial assets
The Group always recognises lifetime expected credit loss for trade receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Intercompany receivables are repayable on demand. Expected credit losses are calculated based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower cannot pay today if demanded, the assessment of impairment will consider the expected manner of recovery and recovery period of the intercompany loan.

Write off policy
The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered bankruptcy proceedings, a provision of 100% is made, or in the case of trade receivables, when the amounts are over 90 days a provision is made for 30% of the balance, unless it is already 100% provided for. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity
Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company’s own equity instruments is recognised and deducted directly in equity.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of the financial liability.

Hedge accounting

All interest rate swap contracts are designated as hedges of variable interest rate risk of the Group's floating rate borrowings. The fair value movements on the derivatives are expected to occur and are recognised in comprehensive income over the period to maturity of the interest rate swaps.

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not use derivative financial instruments for speculative purposes, nor for foreign exchange risks (which are minimal) or residual value risks (which is our election).

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using an estimation technique.

Designation of derivatives

The Group designates certain derivatives as hedging instruments in cash flow hedges and fair value hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge, the Group determines and documents causes for hedge ineffectiveness.

Cash flow hedges

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the period in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

Fair value hedges

Changes in the value of fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedge item attributable to the hedged risk are recognised in the line related to the hedge item in profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

p. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

q. Loss attributable to the Company

The loss for the year ended 31 March 2024 was £27,145,000 (2023: £23,075,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

r. Exceptional items

Exceptional items are those costs or income that do not relate to the Group's normal business operations and which in management's judgement are considered material individually or in aggregate (if of a similar type) due to their size or frequency or incidence. Separate disclosure enables a better understanding of the Group's financial performance.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

s. Finance costs

Finance costs are provided at the interest rates that have been contracted during the period, adjusted to apply the effective interest rate method.

t. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Expenses incurred as a direct cost of investment are added to the cost of acquisition. Other acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

u. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on expenditure incurred in acquiring the inventories and bringing them to their existing location and condition, and based on the first-in, first-out principle. There is no overhead absorbed in the valuation of inventories.

Inventories relates to either consumables and similar low-value, fast-moving items that are used in the direct maintenance operations (i.e. workshops) within our Commercial division or vehicles that have been returned at the end of their lease and are in the process of being sold, rather than vehicle assets currently in lease contracts, which are held as tangible fixed assets.

v. Cash and cash equivalents

Cash on hand in the balance sheet comprise cash at bank and in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. In the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

Notes to the financial statements
For the year ended 31 March 2024 (continued)

w. Provisions

Accounting policies covering maintenance provisions and deferred taxation are covered in the respective accounting policies above. There are no other provisions in the financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Credit loss provisioning
The Group considers the determination criteria for significant increase or decrease in credit risk to be a key judgement within expected credit losses that may have a significant risk of causing material adjustment. Despite the particularly low level of credit losses experienced by the Group over many years, the Group does provide for expected credit losses where it deems it appropriate. In most cases credit losses will be reduced by the existence of a hard asset (the vehicle).

The credit underwriting process on the Group's customers has proven to be robust, assisted by the Group's focus on the prime credit segment of the market. The process involves assessment of a variety of qualitative and quantitative information to assess the risk on Corporate customers to ensure it remains within the Group's risk appetite. Similarly, the Group focuses on the prime and super-prime segment of consumer creditworthiness in the personal contract hire market in the Consumer division.

Control of special purpose vehicles and effect on consolidation and asset recognition
The Group consolidates the special purpose vehicles (SPVs) that are part of its securitisation structures for fleet funding. The grounds for consolidating the SPVs under FRS 102 are: that the activities of the SPVs are being conducted on behalf of the Zenith group of companies according to its specific business needs; that the Zenith group of companies has the ultimate decision-making powers over the activities of the SPV in some respects (for instance: the refinancing of funding facilities that support and determine the scope and scale of the ongoing business of the SPV; the selection of assets that are sold into the funding programmes that provide the business of the SPVs; that the Zenith group of companies has considerable influence on policies and commercial decisions that have a direct and material bearing on the SPVs); and that the Zenith group of companies has rights to obtain the majority of the benefits of the SPV and therefore may be exposed to risks incidental to the activities of the SPV. The effect of this judgement is as follows: assets that are recognised as receivables owed by the securitisation SPVs, and de-recognised as vehicle assets when sold into the programme by the originators, are re-recognised as tangible fixed assets ("Vehicles leased to customers under operating leases") when the SPVs are consolidated into the Zenith Automotive Holdings Limited consolidated accounts (but only on that basis, and only at that "level" within the statutory reporting of the group).

Notes to the financial statements

For the year ended 31 March 2024 (continued)

Key source of estimation uncertainty

Residual values

When pricing a lease, the estimate of what a vehicle will be worth at the end of the lease is called the residual value. The Group reviews the residual values of its leased assets on an ongoing basis with reference to independent market data and prevailing economic conditions. We use sophisticated methodology and risk management techniques to manage residual value and maintenance risk, and our risk positions and exposures are constantly reassessed and adjusted accordingly. As such, residual values held in the financial statements of this Group are believed to be redeemable and materially accurate.

During the year ended 31 March 2024, the Group saw a sustained fall in the residual value of BEVs and to a lesser extent by certain ICE vehicles, thus being an indicator of potential impairment of the vehicle fixed assets and vehicles subject to repurchase agreements debtors. Management assessed the recoverable amount of all vehicle assets, on an individual basis, using a discounted cash flow model and compared the output to the carrying value of the asset as at 31 March 2024, recognising an impairment to the extent that the recoverable amount was lower than the carrying value. The recoverable amount is a key source of estimation uncertainty due to the key assumptions in the modelling:

a) the residual value of the vehicle at the point at which the Group will sell it;

b) the future time period in which the vehicle will be returned to the Group (either through early termination, at the lease contract end date or after a lease extension) and then sold by the Group; and

c) the discount rate applied to the future cash flows.

In some cases the recoverable amount was lower than the carrying value and in aggregate an impairment provision of £51.4 million has been made against the residual value of the vehicles, with £36.1 million being recognised against the vehicle fixed assets and £15.2 million against the vehicles subject to repurchase agreements. This represents 5.6% of the £709.6 million existing residual value of vehicle fixed assets and 11.6% of the £130.4 million residual value of the vehicles subject to repurchase agreements.

After taking into account the impairment provision, the book value of residual values included in vehicles leased to customers under operating leases, within tangible fixed assets, amounts to £673.5 million (2023: £628.5 million) and the book value of residual values included in vehicles subject to repurchase agreements amounts to £115.2 million (2023: £81.4 million), giving a total book value of residual values of £788.7 million, as at 31 March 2024.

Maintenance provision

We use sophisticated methodology and risk management techniques to manage maintenance risk and our risk positions and exposures are constantly reassessed and adjusted accordingly. As such provisions in the balance sheet in place to cover expected future expenditure on maintenance contracts are believed to be adequate but not excessive.

The provision at 31 March 2024 amounts to £22.5 million (2023: £19.5 million)

Impairment of goodwill and intangible assets

The Group regularly reviews for new indicators of impairment, where none are found no impairment testing is undertaken; where such indicators are found the Group undertakes an estimation of the value in use of the cash-generating units (CGUs) to which goodwill and acquired intangible assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £318.5 million (2023: £342.8 million). No impairment loss was recognised during the year ended 31 March 2024 (2023: £nil). The carrying amount of acquired intangible assets at the balance sheet date was £340.3 million (2023: £355.4 million). No impairment loss was recognised during the year ended 31 March 2024 (2023: £nil).

We have judged the relevant CGUs to be (i) the Zenith group that pre-existed the acquisition of Contract Vehicles Limited in 2017 (i.e. which now constitutes our Corporate and Consumer divisions) and (ii) our Commercial division, consisting of Contract Vehicles Limited (CVL), acquired in 2017 and the former Cartwright businesses, acquired in 2020, namely Contract Vehicles Fleet Services Limited and Contract Vehicles Rentals Limited (CVFS & CVR). In previous periods for the purpose of value in use testing we have judged the commercial division to be split into two CGUs, CVL and then CVFS & CVR, however, due to increased level of integration between the businesses and migration of customer contracts between the entities, it has been determined more appropriate to assess them as one combined CGU.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

The recoverable amount of the CGUs has been determined from a "value in use" calculation which has been estimated using discounted cash flow projections, in an assessment approved by the Board. The cash flows covered a period of eight years, with a long-term growth rate of 2% (2023: 2%) to determine the terminal value of the CGUs. The long-term growth rate used is consistent and in line with the target for inflation in the UK.

Based on our assessment, the estimated recoverable amount of the CGUs exceeds carrying value by £184 million (2023: £176 million). The key assumptions used in estimating the recoverable amount of the CGUs include the discount rate and cash flows. Stressing the cash flows for reasonable downside scenarios and the forecast period, our calculations continue to show headroom of the recoverable amount above the carrying value of the CGUs.

3. TURNOVER

	Year ended 31 March 2024 £'000	Restated* Year ended 31 March 2023 £'000
An analysis of the Group's turnover by class of business is set out below:		
Long-term leases	**431,917**	398,080
Vehicle sales	**251,947**	186,667
Other[1]	**104,585**	94,234
	788,450	678,981

*Prior year figures have been restated. See note 27 for details.

1. Other turnover includes fleet management and outsource fees, daily rental and other miscellaneous income.

Vehicle sales turnover includes proceeds on the sale of vehicles (including assets leased under operating leases, contract purchase and agency funding arrangements) and other related end-of-contract income (such as early termination income and damage charges). Proceeds from the sale of operating lease assets (see the consolidated cash flow statement) are included within this category.

The Group's turnover was all derived from operations within the United Kingdom and Ireland.

Notes to the financial statements
For the year ended 31 March 2024 (continued)

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Note	Year ended 31 March 2024 £'000	Restated* Year ended 31 March 2023 £'000
Depreciation of tangible fixed assets (note 12)	12		
Owned		**2,279**	2,081
Company cars		**2,788**	1,898
Held under finance leases and hire purchase contracts		**167,298**	115,452
Operating lease rentals		**2,838**	2,610
Impairment of trade debtors		**799**	65
Amortisation of goodwill	10	**24,362**	24,359
Amortisation of intangibles	11	**31,892**	29,197
Impairment of tangible fixed assets	12	**51,352**	–
Operating exceptional items	6	**2,022**	4,434
Change of accounting estimates – fleet depreciation		**(2,907)**	(30,821)

*Prior year figures have been restated. See note 27 for details.

The analysis of the auditor's remuneration is as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Fees payable to the Company's auditor and its associates for:		
– the audit of the Company's annual accounts	**402**	204
– the audit of the Company's subsidiaries	**438**	371
Total audit fees	**840**	575
Other assurance services	**216**	57
Taxation compliance services	**73**	72
Other taxation advisory services	**124**	112
Corporate finance fees	**–**	30
Other non audit services	**36**	152
Total non-audit fees	**449**	423
Total fees	**1,289**	998

Notes to the financial statements

For the year ended 31 March 2024 (continued)

5. FINANCE COSTS (NET)

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Senior secured notes coupons	**30,960**	30,875
Other finance charges	**7,492**	9,191
Finance costs (on other items)	**38,452**	**40,066**
Loan note interest	**35,624**	32,281
Preference share returns	**48,338**	43,824
Other finance charges	**611**	611
Finance costs (on shareholder instruments)	**84,573**	**76,716**
Finance costs (net)	**123,025**	116,782

Finance costs (on other items) includes interest expenses relating to the current £475 million senior secured notes and £65 million revolving credit facilities. "Other finance charges" in this category relate to the amortisation of debt issuance costs that are capitalised when the financing is arranged, bank interest receivable/payable, monitoring fees and other costs incurred in operating the day-to-day banking of the business.

Finance costs (on shareholder instruments) include non-cash shareholder loan note and preference share interest payable under the terms of those instruments. Interest on these balances is compounded on an annual basis. The "other finance charges" in this category relate to the amortisation of debt issuance costs relating to issuing the preference shares and loan notes that are capitalised when the financing is arranged.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

6. EXCEPTIONAL ITEMS AND CHANGES IN ACCOUNTING ESTIMATES

The Group incurred the following exceptional items:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Transformation, project and restructuring costs[1]	**1,910**	–
Aborted deal fees and asset impairment[2]	**112**	4,434
Total exceptional items	**2,022**	**4,434**

1. These costs relate to relevant expenditure within business and finance transformation projects, including, but not limited to, dual-running costs and restructuring costs.
2. In the year ended 31 March 2023 these costs were of two types: (1) in the write-down of new vehicle stocks purchased for the ZenAuto and salary sacrifice selling channels, and (2) in market assessment and due diligence connected to two potential acquisitions which were considered by the Group, but were aborted. In respect of the former, with a value of £3.1 million, we incurred a material, one-off, write-down to new vehicles recently purchased, and held as stock for the ZenAuto and salary sacrifice (Corporate) channels; the shortage of vehicles in previous years encouraged us to purchase vehicles to stock for these selling channels to a greater extent than before, to ensure that we could service buoyant demand. At the end of 2022 and early into 2023 it became clear that the market had turned sharply, and new vehicle stocks (of particular marques and models) were less in demand. The additional £0.1 million recognised in the year ended 31 March 2024 also relates to the write-down of stock vehicles, reflecting the final loss crystallised on the vehicles.

In respect of the exceptional costs in the year ended 31 March 2024, the cash payment was equivalent to the cost charged in the profit and loss account for the transformation,project and restructuring costs(£1,910k), but the asset impairment (in respect of the write-down in carrying value of vehicles) was a non-cash cost of £112k. The tax effect of both types of cost was a deduction at the prevailing headline rate of corporation tax. In respect of exceptional costs in the year ended 31 March 2023, the cash payment was equivalent to the cost charged in the profit and loss account, and the tax effect was a deduction at the prevailing headline rate of corporation tax.

Notes to the financial statements
For the year ended 31 March 2024 (continued)

7. STAFF COSTS

	Year ended 31 March 2024 Number	Year ended 31 March 2023 Number
Office, sales and management staff	**1,312**	1,222

The aggregate remuneration comprised:

	Year ended 31 March 2024 £'000	Restated* Year ended 31 March 2023 £'000
Wages and salaries	**54,864**	49,599
Social security costs	**5,637**	5,199
Other pension costs (see note 21)	**2,724**	2,281
Total staff costs	**63,225**	57,079

*Prior year figures have been restated. See note 27 for details.

There are no employees in Zenith Automotive Holdings Limited.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

8. DIRECTORS' REMUNERATION AND TRANSACTIONS

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Directors' remuneration		
Emoluments	**1,220**	1,038
	1,220	1,038

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	**–**	–

None of the directors received remuneration under long-term incentive schemes during the current or previous year. No directors excercised any share options and no shares were received in respect of a long-term incentive scheme during the current or previous year.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Remuneration of the highest paid director:		
Emoluments	**616**	513

Notes to the financial statements
For the year ended 31 March 2024 (continued)

9. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax (credit)/charge comprises:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Current tax on loss		
UK corporation tax	**7**	1,559
Adjustment in respect of previous periods	**199**	3,798
Total current tax	**207**	5,357
Deferred tax		
Origination and reversal of timing differences	**(17,386)**	2,096
Adjustment in respect of previous periods	**642**	(6,673)
Effect of changes in tax rates[1]	**–**	2,059
Total deferred tax	**(16,744)**	(2,518)
Total tax (credit)/charge on loss	**(16,537)**	2,839
Other comprehensive expense items:		
Deferred tax current period (credit)/charge	**(3,214)**	1,728

The standard rate of tax applied to the reported loss is 25% (2023: 19%).

1. Corporation tax is calculated at 25% (2023: 19%) of the estimated assessable profit for the year. The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023 and this was substantively enacted in May 2021. The increased rate became effective from 1 April 2023. There is no financial impact on the current year accounts as the increased rate was reflected in the deferred tax balances at 31 March 2023.

Factors affecting the total tax (credit)/charge for the current period

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Loss before tax	**(172,743)**	(68,525)
Loss multiplied by the standard rate of corporation tax in the UK of 25% (2023: 19%)	**(43,186)**	(13,020)
Effects of:		
– Expenses not deductible for tax purposes	25,810	16,675
– Adjustments in respect of previous periods	842	(2,875)
– Tax rate charges	–	2,059
Movement in deferred tax not recognised	(3)	–
Total tax (credit)/charge	**(16,537)**	2,839

Notes to the financial statements
For the year ended 31 March 2024 (continued)

10. GOODWILL

Group £'000	£'000
Cost	
At March 2023	487,311
At March 2024	487,311
Accumulated amortisation	
At 31 March 2023	144,469
Charge for the year	24,362
At 31 March 2024	168,831
Net book value	
At 31 March 2024	318,483
At 31 March 2023	342,842

Company:
As at 31 March 2024 the Company only financial statements contain goodwill of £nil (2023: £nil).

11. INTANGIBLE ASSETS

Group	Customer intangibles £'000	Restated* Computer software £'000	Restated* Assets under construction £'000	Restated* Total £'000
Cost				
At March 2023	465,931	57,044	107	523,082
Additions in the year	–	12,852	3,952	16,803
At March 2024	465,931	69,896	4,059	539,885
Accumulated amortisation				
At 31 March 2023	139,780	27,903	–	167,683
Charge for the year	23,297	8,595	–	31,892
At 31 March 2024	163,077	36,498	–	199,574
Net book value				
At 31 March 2024	**302,854**	**33,398**	**4,059**	**340,311**
At 31 March 2023	326,151	29,141	107	355,399

*Prior year figures have been restated. See note 27 for details.

Amortisation of intangible assets is charged as an operating expense.

Company:
As at 31 March 2024 the Company only financial statements contain intangible assets of £nil (2023: £nil).

Notes to the financial statements

For the year ended 31 March 2024 (continued)

12. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Restated* Equipment, fixtures and fittings £'000	Restated* Vehicles leased to customers under operating leases' £'000	Restated* Total £'000
Cost				
At March 2023	1,745	26,316	1,226,715	1,254,776
Additions in the year	–	482	473,443	473,926
Stock Transfer[1]	–	–	(9,821)	(9,821)
Disposals	–	(45)	(294,295)	(294,346)
At March 2024	1,745	26,754	1,396,041	1,424,534
Accumulated depreciation and impairment				
At 31 March 2023	70	17,452	269,727	287,249
Depreciation charge for the year	35	2,292	170,037	172,365
Impairment charge for the year[2]	–	–	36,142	36,142
Stock Transfer	–	–	(4,009)	(4,009)
Disposals	–	(19)	(96,386)	(96,405)
At 31 March 2024	105	19,725	375,511	395,341
Net book value				
At 31 March 2024	**1,640**	**7,028**	**1,020,531**	**1,029,191**
At 31 March 2023	1,675	8,864	956,988	967,530

1. When vehicles are returned to the Group from customers at the end of their lease agreement, the Group will usually sell the vehicle. Once a vehicle has been returned from the customer and before it is sold, the vehicle asset should be classified as inventory. The Stock Transfer line reflects the transfer of these assets from tangible fixed assets to inventories at 31 March 2024.
2. Impairment of vehicles leased to customers under operating leases contributes £36.1 million of the £51.4 million impairment of fleet vehicles recognised in the consolidated statement of profit and loss.

*Prior year figures have been restated. See note 27 for details.

Equipment, fixtures and fittings includes computer hardware which has not been split out as the directors deem them to be not material to the users of the financial statements. Tangible fixed assets of the Group include vehicles leased to customers under finance leases, hire purchase contracts and under the securitisation agreements. All such assets are pledged as security in relation to those borrowings. Land and buildings are held on a freehold basis.

During the year ended 31 March 2024, the Group saw a sustained drop in the residual values of Battery Electric Vehicles (BEVs). There was also a drop in the residual values of Internal Combustion Engine (ICE) vehicles albeit to a lesser extent. These were both identified as indicators of impairment and as such, the Group has undertaken an impairment assessment at the balance sheet date. An impairment charge of £40.1 million has therefore been recognised in respect of the year ended 31 March 2024. Further detail of the impairment can be found in note 2 (critical accounting judgements and key sources of estimation uncertainty) to the accounts.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

Future minimum lease payments receivable under non-cancellable operating leases captured as fixed assets are summarised as below:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Within one year	**206,705**	186,182
Between one and five years	**275,504**	223,037
More than five years	**3,230**	
	485,439	**409,219**

No contingent rentals have been included as income.

Company:
As at 31 March 2024 the Company only financial statements contain tangible assets of £nil (2023: £nil).

Changes in accounting estimates

The Group altered its accounting estimates in one respect in the year ended 31 March 2023, which had a material impact on its reported results. Under FRS 102, we were obliged to re-assess residual values (RVs) of fixed assets, and therefore depreciation, where there has been an indication of change to those residual values, such as changes in market prices. The significant and sustained increase in used vehicle prices (mainly during the year ended 31 March 2022) obliged us to re-assess (and re-set) residual values on our funded fleet to the extent that those assets are accounted as fixed assets. We made this re-assessment as at 1 April 2022, and then tracked this cohort of vehicles on a quarterly basis through both the current and the prior period, as a change in accounting estimates, with a subsequent impact on our profit and loss account for the year ended 31 March 2024 of £2.9 million and 31 March 2023 of £30.8 million. Of this £33.7 million cumulative reduction in depreciation through to 31 March 2024, £16.2 million was reversed as part of the impairment of fleet vehicles recognised in the consolidated statement of profit and loss in the year-ended 31 March 2024.

Notes to the financial statements
For the year ended 31 March 2024 (continued)

13. FIXED ASSET INVESTMENTS

Company subsidiary undertakings:	**As at 31 March 2024 £'000**	As at 31 March 2023 £'000
Cost and net book value	**32,508**	32,508

At 31 March 2024 the Company held, directly and indirectly, 100% of the allotted ordinary share capital of the following[1]:

	Class of shares held	Principal activity	Percentage
Zeus Finco Limited	Ordinary	Holding company	100%
Zeus Midco Limited	Ordinary	Holding company	100%
Zeus Bidco Limited	Ordinary	Holding company	100%
Zenith OpCo Limited	Ordinary	Contracting company	100%
Leasedrive Limited	Ordinary	Vehicle leasing and related activities	100%
Velo Limited	Ordinary	Vehicle leasing and related activities	100%
Zenith Vehicle Contracts Limited	Ordinary	Vehicle leasing and related activities	100%
Zenith EF Limited	Ordinary	Vehicle leasing and related activities	100%
Provecta Car Plan Limited	Ordinary	Vehicle leasing and related activities	100%
Zenith Remarketing Limited	Ordinary	Vehicle leasing and related activities	100%
Contract Vehicles Limited	Ordinary	Vehicle leasing and related activities	100%
ZenAuto Limited	Ordinary	Vehicle leasing and related activities	100%
Contract Vehicles Fleet Services Limited	Ordinary	Vehicle leasing and related activities	100%
Contract Vehicles Rentals Limited	Ordinary	Vehicle leasing and related activities	100%
Contract Vehicles Properties Limited	Ordinary	Property holding company	100%
Zenith Finco PLC	Ordinary	Issuer of senior secured notes	100%

1. The shares in the undertakings marked with an asterisk are held indirectly by subsidiary undertakings.

All the companies are incorporated in England and Wales and operate principally in their country of registration. The registered office of all the above subsidiaries is Number One, Great Exhibition Way, Kirkstall Forge, Leeds, England, LS5 3BF.

14. INVENTORIES

	As at 31 March 2024 £'000	Restated* As at 31 March 2023 £'000
Raw materials and consumables	**1,278**	1,115
Stock vehicles	**5,980**	2,930
	7,258	4,045

*Prior year figures have been restated. See note 27 for details.

Raw materials and consumables relates to engineering spares, parts, consumables and other similar inventory assets used in the repair and maintenance of trailer units and similar vehicles. Stock vehicles relates to vehicles held for resale.

The amount of inventory assets used in the repair and maintenance of trailer units and similar vehicles recognised as an expense during the period is £7.7 million (2023: £7.0 million).

The amount of stock vehicles recognised as an expense during the period is £197.9 million (2023: £210.9 million).

Notes to the financial statements

For the year ended 31 March 2024 (continued)

15. DEBTORS

	Group As at 31 March 2024 £'000	Company As at 31 March 2024 £'000	Restated* Group As at 31 March 2023 £'000	Restated* Company As at 31 March 2023 £'000
Amounts falling due within one year:				
Trade debtors	**87,401**	**–**	86,739	–
Amounts receivable under hire purchase contracts	**10,948**	**–**	5,815	–
Amounts receivable under securitised contracts	**18,486**	**–**	14,915	–
Vehicles subject to repurchase agreements[1]	**12,702**	**–**	12,536	–
Amounts owed by Group undertakings	**–**	**381,840**	–	363,629
Other debtors	**22,984**	**42**	26,856	42
Corporation tax	**6,192**	**–**	912	–
Fair value of hedging instruments	**8,955**	**–**	17,043	–
Prepayments and accrued income	**26,263**	**1,881**	27,416	2,025
	193,930	**383,763**	192,232	365,696
Amounts falling due after more than one year:				
Amounts receivable under hire purchase contracts	**21,647**	**–**	17,341	–
Amounts receivable under securitised contracts	**38,843**	**–**	27,921	–
Vehicles subject to repurchase agreements[1]	**102,513**	**–**	68,881	–
Amounts owed by Group undertakings	**–**	**–**	–	–
Prepayments and accrued income	**6,834**	**–**	7,223	–
	169,837	**–**	121,366	–
	363,767	**383,763**	313,598	365,696

*Prior year figures have been restated. See note 27 for details.

1. Vehicles subject to repurchase agreements falling due within one year have been impaired by £1.6 million and vehicles subject to repurchase agreements falling due after more than one year have been impaired by £13.7 million, both contributing to the £51.4 million impairment of fleet vehicles recognised in the consolidated statement of profit and loss.

All the Group's trade debtors have been reviewed for impairment and where necessary an allowance for bad and doubtful debts has been recognised. The trade debtors figure within the above table is stated net of an allowance for bad and doubtful debts of £1,525,000 (2023: £494,000). The value of the bad and doubtful debts allowance against trade debtors within the consolidated statement of profit and loss is £799,000 (2023: £65,000).

Amounts owed by Group undertakings are unsecured, repayable on demand and accrue a fixed commercial rate of interest.

Notes to the financial statements
For the year ended 31 March 2024 (continued)

16. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group As at 31 March 2024 £'000	Company As at 31 March 2024 £'000	Restated* Group As at 31 March 2023 £'000	Company As at 31 March 2023 £'000
Obligations under finance leases and hire purchase contracts	**102,220**	**–**	118,487	–
Obligations under securitised contracts	**289,678**	**–**	237,262	–
Vehicles subject to repurchase agreements	**14,420**	**–**	12,536	–
Trade creditors	**61,724**	**–**	66,643	–
VAT	**4,376**	**–**	734	–
Other taxation and social security	**1,937**	**–**	1,813	–
Other creditors	**31,404**	**–**	23,469	–
Accruals and deferred income	**43,375**	**–**	65,293	–
Amounts owed to other Group undertakings	**–**	**9,036**	–	4,315
Fair value of hedging instruments	**4,046**	**–**	–	–
	553,180	**9,036**	526,237	4,315

*Prior year figures have been restated. See note 27 for details.

Amounts owed to Group undertakings are unsecured, repayable on demand and charged at a fixed commercial rate of interest. There are no related party relationships in respect of the Company's liabilities. The Group's related party transactions and relationships are described in note 24.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

17. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group As at 31 March 2024 £'000	Company As at 31 March 2024 £'000	Restated* Group As at 31 March 2023 £'000	Company As at 31 March 2023 £'000
Senior secured notes	**469,452**	**–**	466,841	–
Obligations under finance leases and hire purchase contracts	**125,083**	**–**	132,578	–
Obligations under securitised contracts	**594,469**	**–**	480,036	–
Vehicles subject to repurchase agreements	**116,173**	**–**	68,881	–
Loan notes	**386,975**	**–**	340,010	–
Preference share interest	**251,040**	**251,040**	210,547	210,547
	1,943,190	**251,040**	1,698,893	210,547

*Prior year figures have been restated. See note 27 for details.

There are no related party relationships in respect of the Company's liabilities. The Group's related party transactions and relationships are described in note 24. The senior secured notes, issued in January 2022, carry a coupon of 6.50% per annum, paid semi-annually in June and December, and no repayment obligations before maturity in June 2027.

The loan notes, issued in March 2017, carry a coupon of 10% per annum which compounds on an annual basis. There are no repayment obligations before maturity in March 2037.

Obligations under finance leases and hire purchase contracts are repayable as follows:

	Group As at 31 March 2024 £'000	Company As at 31 March 2024 £'000	Group As at 31 March 2023 £'000	Company As at 31 March 2023 £'000
Obligations under finance leases and hire purchase contracts				
Within two to five years	**125,083**	**–**	132,578	–
On demand or within one year	**95,148**	**–**	118,487	–
	220,231	**–**	251,065	–
Obligations under securitised contracts				
Within two to five years	**594,469**	**–**	480,036	–
On demand or within one year	**289,678**	**–**	237,262	–
	884,147	**–**	717,298	–

Notes to the financial statements
For the year ended 31 March 2024 (continued)

18. PROVISIONS FOR LIABILITIES

	Deferred taxation £'000	Maintenance costs £'000	Total £'000
Group			
At 31 March 2023	**87,605**	**19,549**	**107,154**
Credited to profit and loss account	**(17,386)**	**63,054**	**45,668**
Credited to other comprehensive income[1]	**(3,214)**	**–**	**(3,214)**
Adjustment in respect of prior years	**642**	**–**	**642**
Utilisation of provision	**–**	**(60,101)**	**(60,101)**
At 31 March 2024	**67,647**	**22,502**	**90,149**

1. Relates to the valuation of derivatives in the statement of changes in equity.

Maintenance costs
The provision for maintenance costs relates to obligations under maintenance contracts in existence at the balance sheet date. The expenditure will be incurred over the period of these contracts which will be completed over the next one to four years. The provision at the balance sheet date represents the difference between amounts collected on the maintained contracts and the costs incurred to date. The maintenance rentals received are charged to the profit and loss account when received. The provision is utilised for any costs incurred in maintaining the vehicles. See note 2 for further information.

Deferred tax
Deferred tax is provided as follows:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Accelerated capital allowances	**(4,802)**	3,743
Short term timing differences	**586**	2,324
Non-trading timing differences	**75,714**	81,538
Tax losses	**(3,851)**	–
Provision for deferred tax	**67,647**	87,605

Non-trading timing differences
Deferred tax liability directly relates to intangible assets (note 11). This liability will unwind over a 20-year period in line with movements of the intangible asset balances. The amount of deferred tax assets not recognised as at 31 March 2024 is £1,928 (2023: £nil).

Company:
As at 31 March 2024 the Company only financial statements contain provisions of £nil (2023: £nil).

Notes to the financial statements

For the year ended 31 March 2024 (continued)

19. CALLED UP SHARE CAPITAL

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Allotted, called up and fully paid		
1,999,999 A ordinary shares of £0.01 each	**20**	20
424,375 B ordinary shares of £0.01 each	**4**	4
18,345 C ordinary shares of £0.01 each	**–**	–
319,026 D1 ordinary shares of £0.01 each	**3**	3
41,277 Deferred shares of £0.01 each	**–**	–
271,517,758 preference shares of £1.00 each	**271,518**	271,518
	271,546	**271,546**

The A, B and C ordinary shares rank ahead of the D1 ordinary shares for dividends and on a return of assets. In the event of a future sale or listing of the Company the D1 ordinary shares entitle employees holding those shares to share in any value in excess of a hurdle rate set by the directors on the shares (set at a premium to the current equity value of the Company). The maximum value that can be delivered to D1 ordinary shareholders is 1.5% of any excess above the hurdle rate.

The preference shares are non-redeemable (other than in a return of capital, and then in preference to the ordinary shares), and carry an annual, non-discretionary dividend compounding annually at a rate of 10% per annum.

A reconciliation of share movements to 31 March 2024 is given below:

Type of shares	Ordinary	A Ordinary	B Ordinary	C Ordinary	D1 Ordinary	Deferred	Preference
20 January 2017	1	–	–	–	–	–	–
31 March 2017	(1)*	1,999,999	368,750	15,940	–	–	271,517,758
1 October 2017	–	–	18,750	811	–	–	–
29 November 2017	–	–	–	–	238,043	–	–
2 January 2018	–	–	36,875	1,594	–	–	–
26 March 2019	–	–	–	–	54,635	–	–
31 March 2020	–	–	–	–	67,625	–	–
31 March 2020	–	–	–	–	(41,277)	41,277	–
At 31 March 2024	–	1,999,999	424,375	18,345	319,026	41,277	271,517,758

1. * The existing one ordinary share of £1 in the capital of the Company was re-designated as 100 class A ordinary shares of nominal value of £0.01 each.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

20. NOTES TO THE CASH FLOW

An analysis of the Group's net senior debt is set out below:

	As at 1 April 2023	Cash flows	Other non-cash charges	As at 31 March 2024
Cash at bank and in hand	**72,187**	**12,788**	**–**	**84,975**
Senior secured notes	**475,000**	**–**	**–**	**475,000**
Unamortised loan arrangement costs	**(8,159)**	**–**	**2,611**	**(5,548)**
Net senior debt	**394,654**	**12,788**	**2,611**	**384,478**

	As at 1 April 2022	Cash flows	Other non-cash charges	As at 31 March 2023
Cash at bank and in hand	60,168	12,019	–	72,187
Senior secured notes	475,000	–	–	475,000
Unamortised loan arrangement costs	(10,077)	–	1,918	(8,159)
Net senior debt	404,755	12,019	1,918	394,654

There were no drawings and repayments of the super senior revolving credit facilities during the year ended 31 March 2024.

Net senior debt includes cash and cash equivalents and bank loans drawn under the Group's senior debt facilities (senior secured notes and revolving credit facilities), but excludes amounts payable to shareholders (loan notes and preference shares), finance leases and vehicle funding (including amounts drawn under the Group's securitisation arrangements).

Notes to the financial statements

For the year ended 31 March 2024 (continued)

21. FINANCIAL COMMITMENTS

Group

a. Capital commitments
At the end of the year the Group had contracted capital commitments of £314,403,671 (2023: £486,041,000) relating to the purchase of vehicles for leasing to its customers. These commitments are expected to be met within the next 12 months. The Group had no other capital commitments.

b. Contingent liabilities, cross-guarantees and security
The Group's banking facilities are subject to a standard cross guarantee with other Group subsidiaries. At 31 March 2024 the amount secured under this guarantee was £nil (2023: £2,985). The Group's senior secured notes and super senior revolving credit facilities, as refinanced in January 2022, are subject to security covering: shares held in certain subsidiary companies of Zeus Bidco Limited; certain structural intercompany receivables owed to guarantors under these notes and facilities; and Zenith Finco plc's and each guarantor's assets and undertakings under a floating charge. At 31 March 2024 the Group was committed to the future purchase of vehicles with a cost of £6,127,248 (2023: £5,376,000).

c. Buy-back commitments
The Group had commitments to purchase vehicles at the expiry of loans as follows:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Within one year	**53**	504
Within two to five years	**–**	71
Net senior debt	**53**	575

The buy-back commitments above represent agreements that Provecta Car Plan Limited has with customers that give the customer the option to sell the vehicle back to the Group for its residual value at the end of the loan agreement.

The directors are of the opinion in aggregate across the portfolio that no losses will be incurred in disposing of these vehicles.

d. Pension arrangements
The Group makes contributions to various money purchase schemes on behalf of certain employees. The cost charged in the profit and loss account during the year was £2,240,735 (2023: £2,011,000). The amount unpaid as at 31 March 2024 was £395,459 (2023: £700,000).

Notes to the financial statements

For the year ended 31 March 2024 (continued)

e. Operating lease commitments – as lessee

The Group has entered into commercial leases on certain properties. These leases have a life of between one and ten years remaining.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	As at 31 March 2024 £'000	Restated* As at 31 March 2023 £'000
Amounts due:		
Within one year	**3,260**	2,763
Within two to five years	**9,060**	8,117
More than five years	**1,166**	158
	13,486	11,038

*Prior year figures have been restated. See note 27 for details.

Company:

The Company has no financial commitments for the year ended 31 March 2024 (2023: £nil).

22. FINANCIAL INSTRUMENTS

The carrying value of the Group's financial assets and liabilities are summarised below.

At the balance sheet date, the Group had in place hedging arrangements to reduce its exposure to movements in interest rates. The Group has used a combination of interest rate caps and interest rate swaps (whereby it has swapped floating rates for fixed rates) against the amortisation profile of its term loans until their expiry. The net indicative market value of these derivatives as at 31 March 2024 is an asset of £4,909,000 (2023: £17,043,000).

	2024 £'000	Restated* 2023 £'000
Financial assets		
Measured at fair value and designated in an effective hedging relationship – Derivative financial assets (see note 23)	**8,955**	17,043
Debt instruments measured at amortised cost – Loans receivable (see note 15)	**205,139**	147,408
Measured at undiscounted amount receivable – Trade and Other Receivables (see note 15)	**116,577**	114,507
As at 31 March	**330,671**	278,958

*Prior year figures have been restated. See note 27 for details.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

	Note	2024 £'000	Restated* 2023 £'000
Financial liabilities			
Measured at fair value and designated in an effective hedging relationship	23	**4,046**	–
– Derivative financial liabilities (see note 23)			
Measured at amortised cost			
– Loans payable (see notes 16 and 17)	16, 17	**856,427**	806,851
– Obligations under finance leases (see notes 16 and 17)	16, 17	**1,242,042**	1,049,779
Measured at undiscounted amount payable	16, 17	**393,856**	368,499
– Trade and other creditors (see notes 16 and 17)			
As at 31 March		**2,496,371**	2,225,129

*Prior year figures have been restated. See note 27 for details.

The Company's financial assets and liabilities are measured at undiscounted amount receivable or payable except for fixed asset investments in subsidiaries (note 13) which are classed as equity instruments and are measured at cost less impairment.

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Fair value losses and gains		
On derivative financial assets designated in an effective hedging relationship	**(12,858)**	6,910
	(12,858)	6,910

The fair value losses and gains on financial instruments were recognised (net of tax) in the consolidated statement of comprehensive income.
None of the fair value losses or gains in either period were reclassified from equity to profit or loss. There was no amount of hedge ineffectiveness recognised in profit or loss for either period.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

23. DERIVATIVE FINANCIAL INSTRUMENTS

	Current As at 31 March 2024 £'000	Current As at 31 March 2023 £'000	**Non-current As at 31 March 2024 £'000**	Non-current As at 31 March 2023 £'000
Group				
Derivatives that are designated and effective as hedging instruments are carried at fair value				
Interest rate swaps and caps	**–**	–	**4,909**	17,043

Interest rate swaps and caps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Interest rate risk associated with financial instruments

The Group provides financing to customers at fixed rate returns, which the Group borrows at variable rates initially; this creates a risk of mismatching interest rates on money bought and sold. Such risks are mitigated by entering into swap or cap transactions that eliminate the risk of such a mismatch.

Credit risk connected to financial instruments

The Group provides financing to customers that is, in effect, back-to-back with funding arranged with third parties, and interest rate swaps or caps connected to that same funding (in the case of securitisation); if customers cannot meet their obligations to the Group, the business must nonetheless meet its obligations to the funder (and the swap or cap counterparty), in essence taking a credit risk on the customer. Such risks are mitigated by detailed and considered credit committee decision-making, the segregation of credit decisions from the sales and business development functions, and, in the case of ZenAuto Limited, the use of technology-led approach to credit criteria and decisions.

Interest rate swap and cap contracts

The following table details the notional principal amounts and remaining terms of interest rate swap and cap contracts outstanding as at the reporting date:

	Average contract fixed interest rate		Notional principal value		Fair value asset/(liability)	
Outstanding receive floating pay fixed contracts	**As at 31 March 2024 %**	As at 31 March 2023 %	**As at 31 March 2024 £'000**	As at 31 March 2023 £'000	**As at 31 March 2024 £'000**	As at 31 March 2023 £'000
Less than 1 year	**2.6%**	1.0%	**293,106**	231,988	**4,342**	5,712
1 to 2 years	**3.6%**	1.5%	**274,855**	211,830	**2,021**	5,246
2 to 5 years	**4.6%**	2.4%	**290,300**	241,996	**(1,442)**	6,037
More than 5 years	**4.5%**	2.8%	**3,035**	1,957	**(14)**	48
			861,296	687,771	**4,909**	17,043

The interest rate swaps and caps settle on a quarterly basis. The floating rate on the interest rate swaps is GBP-SONIA. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap and cap contracts are designated as hedges of variable interest rate risk of the Group's floating rate borrowings. The fair value movements on the derivatives are expected to occur and are recognised in Group comprehensive income over the period to maturity of the interest rate swaps and caps. Losses of £9,643,000 (2023: gain of £5,182,000) were recognised in other comprehensive income.

24. RELATED PARTY TRANSACTIONS

A related party is either an individual with control or significant influence over the Group, or a company that is linked to the Group by investment or a related individual. Our primary related parties are our key management personnel.

Key management personnel are considered to be the Group's directors, who are members of either or both of the Group Holding Board or Leadership Board.

The remuneration of key management personnel of the Group is set out below in aggregate.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Salary and short-term benefits	**3,335**	2,629
Group contribution to money purchase pension scheme	**90**	169
Compensation for loss of office	**172**	–
	3,597	2,798

Amounts included in the table above reflect the remuneration of the 14 (2023: 14) key management personnel who are members of the Holding and Leadership Boards.

On 27 January 2017, funds managed by Bridgepoint, members of senior management, Topco, Zeus Finco Limited, the Third Party Security Provider and the Company entered into an investment agreement (the "Investment Agreement") relating to Topco. The Investment Agreement has been amended and restated from time to time and most recently on 20 January, 2022. Pursuant to the Investment Agreement, the parties entered into put and call agreements, and issued shares and shareholder debt, pursuant to an agreed capital structure schedule to finance the purchase of Contract Vehicles Holdings Limited (and its subsidiaries) and Zenith Group Holdings Limited (and its subsidiaries) and to refinance certain debt related to these acquisitions. The Investment Agreement regulates the corporate governance of the Group, including in respect of strategic matters that include Topco's issuance of additional capital, the incurrence of indebtedness and exit rights, among others. In addition, pursuant to the Investment Agreement, Bridgepoint has appointed two directors to Topco's Board who provide financial oversight, monitoring services and other advisory services to the Group, for which Bridgepoint is entitled to an annual monitoring fee of £125,000 per director plus reasonable expenses. The monitoring fee may be reviewed and increased annually. For the financial year ended we paid a monitoring fee in the amount of £250,000 (2023: £250,000).

There were no other transactions with directors for the years covered by these consolidated financial statements.

Notes to the financial statements

For the year ended 31 March 2024 (continued)

25. ULTIMATE CONTROLLING PARTY

As of 31 March 2024, the largest and smallest group in which the results of the Company were consolidated are these Group accounts. According to the register of members maintained by Zenith Automotive Holdings Limited, a number of limited partnerships comprising the Bridgepoint Europe V Fund, which are managed by Bridgepoint Advisers Limited, and hold securities through a nominee company, BEV Nominees Limited, held a significant interest in the ordinary shares of the Company at the balance sheet date and continue to do so at the date of this report. The directors of Zenith Automotive Holdings Limited deem there not to be an ultimate controlling party as none of the investors in the Bridgepoint Europe V Fund has an effective ownership of more than 20% of the issued share capital of the Company.

26. POST-BALANCE-SHEET EVENTS

In July 2024, the EFP securitisation facility was upsized by £300 million, with £150 million committed and a further £150 million uncommitted. There was a corresponding reduction of £50 million in the FFL securitisation facility, resulting in a total securitisation facility size of £1,225 million including uncommitted amounts.

27. RESTATEMENT: PRIOR PERIOD ADJUSTMENTS

a. Allocation of financing costs in the Consolidated cash flow statement

The Group incurs fees associated with its borrowing facilities, being both prepaid fees which are held on balance sheet and amortised to the profit and loss statement to maturity of the corresponding debt facility and ongoing fees.

A portion of prepaid fees that were amortised to the profit and loss account were incorrectly treated as interest paid in the cash flow statement of the Group's financial statements for the year ended 31 March 2023 and have been corrected in these financial statements. As a result, interest paid in the comparative period to 31 March 2023 is £5.5 million lower than was originally disclosed, (increase) / decrease in debtors is £0.4 million higher and release of deferred financing costs is £5.1 million higher.

There is no impact to the Group's profit and loss account or the underlying performance of the business.

These adjustments impact the following tables, which are included in section 27i) below:

- Consolidated cash flow statement

b. Elimination of intercompany turnover and cost of sales

A portion of intragroup sales and purchases related to the Commercial Division were incorrectly not eliminated from the consolidated profit and loss account of the Group's financial statements for the year ended 31 March 2023 and have been corrected in these financial statements. As a result, turnover is £9.1 million lower and cost of sales is also £9.1 million lower than was originally disclosed.

There is no impact to the Group's gross or net profit or the underlying performance of the business.

These adjustments impact the following tables, which are included in section 27i) below:

- Consolidated statement of profit and loss
- Note 3 (Turnover)

Notes to the financial statements

For the year ended 31 March 2024 (continued)

c. Re-classification of vehicles held for sale to inventories

When a vehicle is returned to the Group from customers at the end of their lease agreement, the Group will usually sell the vehicle. Once a vehicle has been returned from the customer and before it is sold, the vehicle asset should be classified as inventory.

In the Group's financial statements for the year ended 31 March 2023, these vehicles were incorrectly classified as fixed assets. This has been corrected in these financial statements. As a result, tangible assets have reduced by £2.9 million and inventories have increased by £2.9 million compared with what was originally disclosed.

These adjustments impact the following tables, which are included in section 27i) below:

- Consolidated balance sheet
- Note 12 (Tangible fixed assets)
- Note 14 (Inventories)

d. Correction of staff costs

In the Group's financial statements for the year ended 31 March 2023, staff costs within cost of sales profit and loss account line were incorrectly excluded from note 7 (staff costs) disclosure. This has been corrected in these financial statements and as a result, in note 7, wages and salaries have increased by £9.7 million, social security costs have increased by £1.2 million and other pension costs have increased by £0.3 million.

There is no impact to the consolidated profit and loss account or the underlying performance of the business.

These adjustments impact the following tables, which are included in section 27i) below:

- Note 7 (Staff costs)

e. Correction of operating lease commitments

In the Group's financial statements for the year ended 31 March 2023, the future rentals due on property leases, where the Group is the lessee, were incorrectly disclosed in note 21e (operating lease commitments – as lessee) and note 4 (operating profit) as the figures excluded future rentals and in-year rentals respectively, on a number of properties. This has been corrected in these financial statements and as a result, in note 21e, amounts due within one year have increased by £1.0 million, amounts due within two to five years have increased by £1.9 million and amounts due in more than five years have increased by £0.2 million. Operating lease rentals in note 4 have increased by £0.8 million.

There is no impact to the consolidated profit and loss account, the consolidated balance sheet, or the underlying performance of the business.

These adjustments impact the following tables, which are included in section 27i) below:

- Note 4 (Operating profit)
- Note 21e (Operating lease commitments – as lessee)

Notes to the financial statements

For the year ended 31 March 2024 (continued)

f. Re-allocation of assets between intangible and tangible assets

In the Group's financial statements for the year ended 31 March 2023, a portion of computer software assets already capitalised and computer software assets under construction were incorrectly classified as tangible assets. These have been re-allocated as intangible assets within these financial statements and as a result the net book value of intangible assets at 31 March 2023 has increased by £6.5 million, with a corresponding decrease in the net book value of tangible assets of £6.5 million. Depreciation on these assets of £2.4 million during the year ended 31 March 2023 has also been re-classified to amortisation of intangible assets. There is no impact from these adjustments to the underlying performance of the business.

These adjustments impact the following tables, which are included in section 27i) below:

- Consolidated statement of profit and loss
- Consolidated balance sheet
- Consolidated cash flow statement
- Note 4 (Operating profit)
- Note 11 (Intangible assets)
- Note 12 (Tangible assets)

g. Intragroup transfers of vehicle assets

In the Group's financial statements for the year ended 31 March 2023, it has been identified that transfers of vehicle assets between different asset classes and between intragroup entities were incorrectly classified as third-party additions and disposals, rather than being eliminated from the consolidation as intercompany transactions. Further, additions of non-fleet tangible asset of £5.8 million and additions of intangible assets of £0.1 million were also incorrectly classified in the cash flow statement. The transactions have now been accounted for correctly in these financial statements, impacting the consolidated cash flow statement as follows; depreciation charges have decreased by £1.3 million, profit on sale of tangible fixed assets have decreased by £9.83.8m, capital repayment from finance leases have increased by £1.1 million, proceeds from sale of operating lease assets have decreased by £119.8 million, purchase of operating lease assets (unfunded) have increased by £37.7 million, purchase of funded vehicle assets have decreased by 106.4 million, purchase of non-fleet fixed assets have increased by £5.8 million, purchase of intangible assets have increased by £0.1 million, repayment of borrowings have decreased by £153.8 million and drawdown of funding has decreased by £106.4 million.

In correcting the figures, the operating profit note depreciation has decreased by £2.4 million.

Further, in the tangible fixed assets note the brought forward cost and accumulated depreciation have increased by £180.8m, additions in the year have reduced by £90.6 million, depreciation has decreased by £2.4 million and net disposals have decreased by £88.1 million. There has been no change to the opening or closing net book value of the assets.

There is no impact from these adjustments to the underlying performance of the business.

These adjustments impact the following tables, which are included in section 27i) below:

- Consolidated cash flow statement
- Note 4 (Operating profit)
- Note 12 (Tangible assets)

Notes to the financial statements

For the year ended 31 March 2024 (continued)

h. Vehicles funded through undisclosed agency agreements

In the Group's financial statements for the year ended 31 March 2023, a portion of vehicles funded through undisclosed agency agreements were incorrectly excluded from the balance sheet. Due to the nature of these agreements an equal and opposite debtor and creditor is held on the balance sheet during the vehicles leased period in 'Vehicles subject to repurchase agreements.' In these financial statements this portion of vehicles have now been correctly disclosed on the consolidated balance sheet, and corresponding notes, increasing the debtor and creditor due in less than one year by £3.7 million and increasing the debtor and creditor due in more than one year by £8.6 million.

There is no impact from these adjustments to the underlying performance of the business.

These adjustments impact the following tables, which are included in section 27i) below:

- Consolidated balance sheet
- Note 15 (Debtors)
- Note 16 (Creditors – amounts falling due within one year)
- Note 17 (Creditors – amounts falling due after more than one year)
- Note 22 (Financial instruments)

Notes to the financial statements

For the year ended 31 March 2024 (continued)

i. Tables

Consolidated statement of profit and loss

	As reported	Adjustment (27b) £'000	Adjustment (27f) £'000	**As restated £'000**
Turnover	688,117	(9,136)	–	**678,981**
Cost of sales	(514,758)	9,136	–	**(505,622)**
Gross profit	173,359	–	–	**173,359**
Adjusted operating expenses	(63,133)	–	–	**(63,133)**
Depreciation of owned tangible fixed assets	(6,370)	–	2,391	**(3,979)**
Amortisation of goodwill	(24,359)	–	–	**(24,359)**
Amortisation of intangible assets	(26,806)	–	(2,391)	**(29,197)**
Operating exceptional items	(4,434)	–	–	**(4,434)**
Impairment of fleet vehicles	–	–	–	**–**
Operating expenses	(125,102)	–	–	**(125,102)**
Operating (loss)/profit	48,257	–	–	**48,257**
Finance costs (net)	(116,782)	–	–	**(116,782)**
Loss before taxation	(68,525)	–	–	**(68,525)**
Tax credit/(charge)	(2,839)	–	–	**(2,839)**
Loss for the financial period attributable to the shareholders of the group	(71,364)	–	–	**(71,364)**

Notes to the financial statements
For the year ended 31 March 2024 (continued)

Consolidated balance sheet

	As reported £'000	Adjustment (27f) £'000	Adjustment (27c) £'000	Adjustment (27h) £'000	**As restated £'000**
Fixed assets					
Goodwill	342,842	–	–	–	**342,842**
Intangible assets	348,899	6,500	–	–	**355,399**
Tangible assets	976,958	(6,500)	(2,930)	–	**967,530**
	1,668,699	–	–	–	**1,665,771**
Current assets					
Inventory	1,115	–	2,930	–	**4,045**
Debtors					
– due within one year	188,525	–	–	3,707	**192,232**
– due after one year	112,781	–	–	8,585	**121,366**
Cash at bank and in hand	72,187	–	–	–	**72,187**
	374,608	–	–	–	**389,830**
Creditors: amounts falling due within one year	(522,530)	–	–	(3,707)	**(526,237)**
Net current liabilities	(147,922)	–	–	–	**(136,407)**
Total assets less current liabilities	1,520,777	–	–	–	**1,529,364**
Creditors: amounts falling due after more than one year	(1,690,308)	–	–	(8,585)	**(1,698,893)**
Provisions for liabilities	(107,154)	–	–	–	**(107,154)**
Net liabilities	(276,685)	–	–	–	**(276,683)**
Capital and reserves					
Called up share capital	271,546	–	–	–	**271,546**
Share premium account	2,444	–	–	–	**2,444**
Hedging reserve	12,782	–	–	–	**12,782**
Profit and loss account	(563,457)	–	–	–	**(563,455)**
Shareholders' deficit	(276,685)	–	–	–	**(276,683)**

Notes to the financial statements

For the year ended 31 March 2024 (continued)

Consolidated cash flow statement

	As reported 2023 £'000	Adjustment (27a) £'000	Adjustment (27f) £'000	Adjustment (27g) £'000	**As Restated 2023 £'000**
Operating profit/(loss)	48,257	–	–	–	**48,257**
Adjustment for:					
Depreciation charges	124,271	–	(2,391)	(2,450)	**119,430**
Impairment charges	–	–	–	–	**–**
Amortisation of goodwill and intangibles	51,165	–	2,391	–	**53,556**
Release of deferred financing costs	–	(5,138)	–	–	**(5,138)**
Profit on sale of tangible fixed assets	(63,908)	–	–	10,925	**(52,983)**
Operating cash flow before movement in working capital	159,785	(5,138)	–	8,475	**163,122**
Capital repayment received from finance lessees	22,051	–	–	1,135	**23,186**
(Increase) / decrease in debtors	(53,994)	(366)	–	–	**(54,360)**
(Increase) / decrease in stock	(57)	–	–	–	**(57)**
(Decrease)/ increase in creditors	52,248	–	–	–	**52,248**
(Decrease)/ increase in provisions	(857)	–	–	–	**(857)**
Net cash inflow from operating activities	179,176	(5,503)	–	9,610	**183,282**
Income tax (paid)	(4,493)	–	–	–	**(4,493)**
Cash flows from investing activities					
Proceeds from sale of operating lease assets	275,964	–	–	(119,796)	**156,168**
Purchase of operating lease assets	24,729	–	–	(37,687)	**(12,958)**
Purchase of funded vehicle assets	(611,887)	–	–	106,441	**(505,446)**
Purchase of non-fleet fixed assets	–	–	–	(5,844)	**(5,844)**
Purchase of intangible assets	(12,325)	–	–	(107)	**(12,432)**
Net cash flows from investing activities	(323,519)	–	–	(56,993)	**(380,512)**
Cash flows from financing activities					
Repayments of borrowings	(412,806)	–	–	153,824	**(258,982)**
Drawdown of funding	611,887	–	–	(106,441)	**505,446**
Interest paid[1]	(38,226)	5,503	–		**(32,723)**
Net cash flows from financing activities	160,855	5,503	–	47,383	**213,741**
Net decrease in cash and cash equivalents	12,019	–	–	–	**12,019**
Cash and cash equivalents at start of the year	60,168	–	–	–	**60,168**
Cash and cash equivalents at end of the period	72,187	–	–	–	**72,187**

Notes to the financial statements

For the year ended 31 March 2024 (continued)

Note 3 (Turnover)

	As reported	Adjustment (27b)	As restated
Long term leases	398,080	–	**398,080**
Vehicle sales	186,667	–	**186,667**
Other	103,370	(9,136)	**94,234**
	688,117	(9,136)	**678,981**

Note 4 (Operating profit)

	As reported £'000	Adjustment (27f)	Adjustment (27e)	Adjustment (27g)	As restated £'000
Depreciation of tangible fixed assets (note 12)					
Owned	4,472	(2,391)	–	–	**2,081**
Company cars	1,898	–	–	–	**1,898**
Held under finance leases and hire purchase contracts	117,901	–	–	(2,449)	**115,452**
Operating lease rentals	1,769	–	841	–	**2,610**
Impairment of trade debtors	65	–	–	–	**65**
Amortisation of goodwill	24,359	–	–	–	**24,359**
Amortisation of intangibles	26,806	2,391	–	–	**29,197**
Impairment of tangible fixed assets (note 12)	–	–	–	–	**–**
Operating exceptional items	4,434	–	–	–	**4,434**
Change of accounting estimates – fleet depreciation	(30,821)	–	–	–	**(30,821)**

Note 7 (Staff costs)

	As reported	Adjustment (27d)	Restated
Wages and salaries	39,868	9,731	**49,599**
Social security costs	4,070	1,129	**5,199**
Other pension costs	2,011	270	**2,281**
	45,949	11,130	**57,079**

Notes to the financial statements

For the year ended 31 March 2024 (continued)

Note 11 (Intangible assets)

	As reported				Adjustment (27f)			Restated			
Group	Customer intangibles £'000	Computer software £'000	Assets under construction £'000	Total £'000	Computer software £'000	Assets under construction £'000	Total £'000	**Customer intangibles £'000**	**Computer software £'000**	**Assets under construction £'000**	**Total £'000**
Cost											
At March 2022	465,931	23,549	–	489,480	21,169	–	21,169	**465,931**	**44,718**	**–**	**510,649**
Additions in the year	–	12,325	–	12,325	–	107	107	**–**	**12,325**	**107**	**12,432**
At March 2023	465,931	35,874	–	501,805	21,169	107	21,276	**465,931**	**57,043**	**107**	**523,081**
Accumulated amortisation											
At 31 March 2022	116,483	9,617	–	126,100	12,384	–	12,384	**116,483**	**22,001**	**–**	**138,484**
Charge for the year	23,297	3,510	–	26,807	2,391	–	2,391	**23,297**	**5,901**	**–**	**29,198**
At 31 March 2023	139,780	13,127	–	152,907	14,775	–	14,775	**139,780**	**27,903**	**–**	**167,682**
Net book value											
At 31 March 2023	326,152	22,747	–	348,899	6,394	107	6,501	**326,151**	**29,141**	**107**	**355,399**
At 31 March 2022	349,448	13,932	–	363,380	8,785	–	8,785	**349,448**	**22,717**	**–**	**372,165**

Notes to the financial statements

For the year ended 31 March 2024 (continued)

Note 12 (Tangible assets)

	As reported				Adjustment (27f)	Adjustment (27c)	Adjustment (27g)		Restated			
Group	Land and buildings £'000	Equipment fixtures and fittings £'000	Vehicles leased to customers under operating leases £'000	Total £'000	Equipment fixtures and fittings £'000	Vehicles leased to customers under operating leases £'000	Vehicles leased to customers under operating leases £'000	Total £'000	**Land and building £'000**	**Equipment fixtures and fittings £'000**	**Vehicles leased to customers under operating leases £'000**	**Total £'000**
Cost												
At March 2022	1,745	29,936	748,045	779,726	(21,169)	–	180,770	159,601	**1,745**	**8,767**	**928,815**	**939,327**
Additions in the year	–	5,951	581,207	587,158	(107)	–	(90,574)	(90,681)	**–**	**5,844**	**490,633**	**496,477**
Impairment	–	–	(1,127)	(1,127)	–	–	1,127	1,127	**–**	**–**	**–**	**–**
Stock Transfer[1]	–	–	–	–	–	(4,799)	–	(4,799)	**–**	**–**	**(4,799)**	**(4,799)**
Disposals	–	(66)	(316,810)	(316,876)			128,876	128,876	**–**	**(66)**	**(187,934)**	**(188,000)**
At 31 March 2023	1,745	35,821	1,011,315	1,048,881	(21,276)	(4,799)	220,199	194,124	**1,745**	**14,545**	**1,226,715**	**1,243,005**
Accumulated depreciation and impairment												
At 31 March 2022	35	15,976	37,588	53,599	(12,384)	–	180,773	168,389	**35**	**3,592**	**218,361**	**221,988**
Depreciation charge for the year	35	4,486	119,750	124,271	(2,391)	–	(2,449)	(4,841)	**35**	**2,095**	**117,301**	**119,430**
Impairment charge for the year	–	–	–	–	–	–	1,127	1,127	**–**	**–**	**1,127**	**1,127**
Stock Transfer	–	–	–	–	–	(1,869)	–	(1,869)	**–**	**–**	**(1,869)**	**(1,869)**
Disposals	–	(5)	(105,942)	(105,947)	–	–	40,749	40,749	**–**	**(5)**	**(65,197)**	**(65,202)**
At 31 March 2023	70	20,457	51,396	71,923	(14,776)	(1,869)	220,200	203,555	**70**	**5,681**	**269,723**	**275,474**
Net book value												
At 31 March 2023[3]	1,675	15,364	959,919	976,958	(6,501)	(2,930)	(1)	(9,432)	**1,675**	**8,863**	**956,992**	**967,530**
At 31 March 2022	1,710	13,960	710,457	726,127	(8,785)	–	(3)	(8,788)	**1,710**	**5,175**	**710,454**	**717,339**

Notes to the financial statements

For the year ended 31 March 2024 (continued)

Note 14 (Inventories)

	As reported £'000	Adjustment (27c) £'000	**Restated £'000**
Raw materials and consumables	1,115	–	**1,115**
Stock vehicles	–	2,930	**2,930**
	1,115	2,930	**4,045**

Note 15 (Debtors)

	As reported £'000	Adjustment (27h) £'000	**Restated £'000**
Amounts falling due within one year:			
Trade debtors	86,739	–	**86,739**
Amounts receivable under hire purchase contracts	5,815	–	**5,815**
Amounts receivable under securitised contracts	14,915	–	**14,915**
Vehicles subject to repurchase agreements[1]	8,829	3,707	**12,536**
Amounts owed by Group undertakings	–	–	**–**
Other debtors	26,856	–	**26,856**
Corporation tax	912	–	**912**
Fair value of hedging instruments	17,043	–	**17,043**
Prepayments and accrued income	27,416	–	**27,416**
	188,525	3,707	**192,232**
Amounts falling due after more than one year:			
Amounts receivable under hire purchase contracts	17,341	–	**17,341**
Amounts receivable under securitised contracts	27,921	–	**27,921**
Vehicles subject to repurchase agreements[1]	60,296	8,585	**68,881**
Amounts owed by Group undertakings	–	–	**–**
Prepayments and accrued income	7,223	–	**7,223**
	112,781	8,585	**121,366**
	301,306	–	**313,598**

Notes to the financial statements

For the year ended 31 March 2024 (continued)

Note 16 (Creditors – amounts falling due within one year)

	As reported £'000	Adjustment (27h) £'000	**Restated £'000**
Obligations under finance leases and hire purchase contracts	118,487	–	**118,487**
Obligations under securitised contracts	237,262	–	**237,262**
Vehicles subject to repurchase agreements	8,829	3,707	**12,536**
Trade creditors	66,643	–	**66,643**
VAT	734	–	**734**
Other taxation and social security	1,813	–	**1,813**
Other creditors	23,469	–	**23,469**
Accruals and deferred income	65,293	–	**65,293**
Amounts owed to other Group undertakings	–	–	–
Fair value of hedging instruments	–	–	–
	522,530	3,707	**526,237**

Note 17 (Creditors – amounts falling due after more than one year)

	As reported £'000	Adjustment (27h) £'000	**Restated £'000**
Senior secured notes	466,841	–	**466,841**
Obligations under finance leases and hire purchase contracts	132,578	–	**132,578**
Obligations under securitised contracts	480,036	–	**480,036**
Vehicles subject to repurchase agreements	60,296	8,585	**68,881**
Loan notes	340,010	–	**340,010**
Preference share interest	210,547	–	**210,547**
	1,690,308	8,585	**1,698,893**

Notes to the financial statements

For the year ended 31 March 2024 (continued)

Note 21e (Operating lease commitments – as lessee)

	As reported	Adjustment (27e)	**As restated**
Within one year	1,769	994	**2,763**
Within two to five years	6,191	1,926	**8,117**
More than five years	–	158	**158**
	7,960	3,078	**11,038**

Note 22 (Financial instruments)

	As reported £'000	Adjustment (27h) £'000	**As restated £'000**
Financial assets			
Measured at fair value and designated in an effective hedging relationship			
– Derivative financial assets (see note 23)	17,043	–	**17,043**
Debt instruments measured at amortised cost			
– Loans receivable (see note 15)	135,117	12,291	**147,408**
Measured at undiscounted amount receivable			
– Trade and Other Receivables (see note 15)	114,507	–	**114,507**
As at 31 March	266,667	12,291	**278,958**

	As reported £'000	Adjustment (27h) £'000	**As restated £'000**
Financial liabilities			
Measured at fair value and designated in an effective hedging relationship			
– Derivative financial liabilities (see note 23)	–	–	**–**
Measured at amortised cost	–	–	**–**
– Loans payable (see notes 16 and 17)	806,851	–	**806,851**
– Obligations under finance leases (see notes 16 and 17)	1,037,488	12,291	**1,049,779**
Measured at undiscounted amount payable			
– Trade and other creditors (see notes 16 and 17)	368,499	–	**368,499**
As at 31 March	2,212,838	12,291	**2,225,129**

Glossary

Alternative performance measures (APMs)

Throughout our report and accounts we use alternative performance measures (APMs) to supplement the assessment and reporting of the performance of the Group. These measures are those that are not defined by statutory reporting frameworks, such as UK GAAP.

The APMs aim to assess performance from the perspective of all stakeholders, providing additional insight into the financial position and performance of the Group and should be considered in conjunction with the statutory reporting measures such as UK GAAP.

The following table identifies the key APMs used in this report and how each is defined.

APM	What is it?
Adjusted cost of sales	Adjusted cost of sales is cost of sales excluding the impact of the reassessment of residual values on the funded fleet and exceptional items. See below for a reconciliation to statutory measures.
Adjusted gross profit	Adjusted gross profit, or income, when used by the Group, is calculated as total income, measured as turnover less cost of sales, which includes the cost of funds on vehicle fleet borrowings and the depreciation cost of vehicles in the funded fleet, shown before impairment, the reassessment of residual values on the funded fleet and exceptional items. See below for a reconciliation to statutory measures.
Adjusted operating expenses	Adjusted operating expenses, when used by the Group, is calculated as operating expenses before depreciation and impairment of owned tangible fixed assets, amortisation of goodwill and intangible assets and exceptional items. See below for a reconciliation to statutory measures.
Adjusted EBITDA	Adjusted EBITDA, when used by the Group, is calculated as operating profit before depreciation of owned fixed assets (being depreciation on company cars and other non-fleet fixed assets), amortisation of goodwill and intangible assets, impairment, the reassessment of residual values on the funded fleet and exceptional items (but after deducting finance costs and depreciation relating to vehicles leased to customers under operating leases). See below for a reconciliation to statutory measures.
Adjusted operating cash flow	Adjusted operating cash flow is net cash flow prior to interest service costs (on debt other than fleet funding), tax and capital expenditure (on items other than vehicle fleet). See below for a reconciliation to statutory measures.
Cash conversion	Cash conversion is calculated as adjusted operating cash flow (see above definition) as a proportion of adjusted EBITDA. This ratio assesses the Group's efficiency in converting profits into cash.
Liquidity	Liquidity comprises freely available cash resources of the Group, along with undrawn capacity on the revolving credit facility. See financial KPIs for a reconciliation to statutory measures.
Like-for-like basis	Adjusted EBITDA and adjusted gross profit are shown on a like-for-like basis across the periods: that is, before the impact of the reassessment of residual values on the funded fleet, which is explained further throughout the report, and before exceptional items.

Glossary
(continued)

Abbreviation and term definitions

Term	Definition
APS	Announced pledges scenario
B2B	Business-to-business
B2B2E	Business-to-business-to-employee
B2C	Business-to-consumer
BCH	Business contract hire
BEV	Battery electric vehicle
BI	Business intelligence
BiK	Benefit-in-Kind
BVRLA	British Vehicle Rental and Leasing Association
CDP	Consumer Duty Programme
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPM	IAPP's ANAB-accredited certification for conceptualising, designing, building and operating a data privacy management programme.
CIPP/E	IAPP's ANAB-accredited certification for European Data Protection law and regulation.
CMO	Chief Marketing Officer
CRM	Customer Relationship Manager
DVSA	Driver and Vehicle Standards Agency
ED&I	Equity, Diversity and Inclusion
EFP	Exhibition Finance plc, the entity within the securitisation structure that funds receivables and residual values of vehicles, also referred to as the non-bifurcated facility.
eLCV	Electric light commercial vehicle
ESG	Environmental, social and governance

Term	Definition
EV	Electric vehicle
FCA	Financial Conduct Authority
FFL	Forge Funding Limited, the entity within the securitisation structure that funds receivables, but not the residual values of vehicles, also referred to as the bifurcated facility.
Funded fleet	The fleet of vehicles that Zenith has funded using external funding sources, and for which Zenith bears residual value risk, i.e. the commitment to pay the residual at the end of the lease. The group does not take title to the vehicle.
FY[XX]	Financial year [XX]
GHG	Greenhouse gas
HGV	Heavy goods vehicle
HP	Hire purchase
IAPP	The International Association of Privacy Professionals
ICE	Internal combustion engine (includes trailers)
ICO	Information Commissioner's Office
IEA	International Energy Agency
IEC	International Electrotechnical Commission
IFRS	International Financial Reporting Standards
IPCC	Intergovernmental Panel on Climate Change
ISO	International Organisation for Standardisation
KEI	Key experience indicator
KPI	Key performance indicator
LCV	Light commercial vehicle
LGV	Light goods vehicle
LMS	Learning Management System

Glossary
(continued)

Abbreviation and term definitions (continued)

Term	Definition
Maas	Mobility-as-a-service
Managed fleet	The fleet of vehicles that Zenith manages under fleet management contracts; the customer holds the title to, and funding of, these vehicles.
MI	Management information
MSU	Mobile service unit
NPS	Net promoter score
NZE	Net zero emissions
OEM	Original equipment manufacturer
Order bank	Vehicles associated with lease contracts that have been ordered but not yet delivered – at which point they will become part of the funded fleet. Does not include any vehicles in the pipeline for managed contracts.
Pa	Per annum
PCH	Personal contract hire
PCI DSS	Payment Card Industry Data Security Standard
PHEV	Plug-in hybrid electric vehicle
RCF	Revolving credit facility
RCPs	Representative Concentration Pathways
RV	Residual value
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets initiative
SIEM	Security Information and Event Management
SM&CR	Senior Manager and Certification Regime
SME	Small and medium-sized enterprise
SMMT	Society of Motor Manufacturers and Traders

Term	Definition
SMR	Service, Maintenance and Repair
SOC	Security Operations Centre
SPV	Special purpose vehicle
STEPS	Stated policies scenario
TCFD	Task Force for Climate-Related Financial Disclosures
TTM	Trailing twelve months
UPCH	Used personal contract hire
Vehicle Titleco Ltd	The entity within the securitisation structure that holds title to the vehicles.
YOY	Year on year
ZEV	Zero emission vehicle

Glossary
(continued)

Reconciliation of loss for the financial periods to adjusted EBITDA

(£000)	Year ended 31 March 2024 £'000	Restated* Year ended 31 March 2023 £'000
Loss for the financial period attributable to the shareholders of the group	**(156,207)**	(71,364)
Tax charge on loss	**(16,537)**	2,839
Finance costs (on shareholder instruments)[1]	**84,573**	76,716
Finance costs (on other items)[1]	**38,452**	40,066
Operating exceptional items	**2,022**	4,434
Amortisation of intangible assets	**31,892**	29,197
Amortisation of goodwill	**24,362**	24,359
Depreciation of owned fixed assets	**5,067**	3,979
Impairment of tangible fixed assets	**51,352**	–
Changes to accounting estimates of RVs of fleet fixed assets	**(2,907)**	(30,821)
Adjusted EBITDA	**62,069**	79,405

*Prior year figures have been restated. See note 27 for details.

1. Finance costs of £4.6 million have been re-allocated from Finance Costs (on Shareholder instruments) to Finance Costs (on other items) for the year ended 31 March 2023 because they were mis-allocated in the prior year financial statements. This decreases Finance Costs (on Shareholder instruments) from £81.3 million to £76.7 million and increases Finance Costs (on other items) from £35.4 million to £40.1 million.

Depreciation of owned fixed assets is added back when calculating EBITDA as it is a non-cash item included within operating expenses in the profit and loss account. Depreciation on vehicles leased to customers is included within cost of sales. As vehicles leased to customers are a fundamental part of the activities of the group, the depreciation reflects the reduction in the valuation of a vehicle over the life of a lease contract. As such, the depreciation is not added back to EBITDA as this gives a more accurate representation of the underlying performance of the Group.

Glossary
(continued)

Reconciliation of change in cash and cash equivalents to adjusted operating cash flow

(£000)	Year ended 31 March 2024 £'000	Restated* Year ended 31 March 2023 £'000
Net increase/(decrease) in cash & cash equivalents	**12,788**	12,019
Add back/(deduct):		
Financing – interest paid	**33,650**	32,723
Corporation tax paid	**5,240**	4,493
Purchase of intangible assets	**16,803**	12,432
Purchase of non-fleet fixed assets	**482**	5,844
Securitisation refinancing: fees and expenses	**–**	724
Senior debt refinancing: fees and expenses	**–**	1,374
Adjusted operating cash flow	**68,963**	69,610

*Prior year figures have been restated. See note 27 for details.

Glossary
(continued)

Non-statutory cash flow presentation: Adjusted EBITDA to adjusted operating cash flow to net increase in cash and cash equivalents for the period

	Year ended 31 March 2024 £'000	Restated* Year ended 31 March 2023 £'000
Adjusted EBITDA	**62,069**	79,405
Change in working capital, including vehicle funding and payments	**8,804**	(8,720)
Exceptional items	**(1,910)**	(1,075)
Adjusted operating cash flow[1]	**68,963**	69,610
Cash conversion percentage	**111.1%**	87.7%
Purchase of intangible assets	**(16,803)**	(12,432)
Purchase of non-fleet fixed assets	**(482)**	(5,844)
Corporation tax paid	**(5,240)**	(4,493)
Cash flow before acquisitions and corporate financing	**46,438**	46,840
Financing – interest paid (senior secured notes and revolving credit facility)	**(33,650)**	(32,723)
Securitisation refinancing: fees and expenses	**–**	(724)
Senior debt refinancing: fees and expenses	**–**	(1,374)
Net increase in cash and cash equivalents	**12,788**	12,019

*Prior year figures have been restated. See note 27 for details.

1. Interest paid for 2023 has been restated. This is due to a portion of prepaid fees that were amortised to the profit and loss were incorrectly treated as interest paid in the cash flow statement of the Group's financial statements for the year ended 31 March 2023 and have been corrected in these financial statements. As a result, interest paid in the comparative period to 31 March 2023 is £5.5 million lower than was originally disclosed and (increase)/decrease in debtors is £5.5 million higher. As a result of this restatement the adjusted operating cash flow has changed by £5.5 million: from £69.1 million to £63.6 million.

Glossary
(continued)

Asset value vs debt

Assets	Assets held in	Book value (£000)
Operating leases	Vehicles leased to customers	1,020,531
Contract purchase	Debtors – Amounts receivable under HP agreements	82,852
Agency funding	Debtors – Vehicles subject to repurchase agreements	115,215
Total		**1,218,598**
Impairment add-back		51,352
Total (excluding impact of the impairment)		**1,269,950**
Debt		
Amounts payable under securitised contracts	Creditors – Obligations under securitised contracts	884,147
Amounts payable under finance leases	Creditors – Obligations under finance leases and HP contracts	220,231
Amounts payable under repurchase agreements	Creditors – Vehicles subject to repurchase agreements	130,593
Total		**1,234,971**
Net asset value		**(16,372)**
Net asset value (excluding impact of the impairment)		**34,979**

Glossary
(continued)

Reconciliation of cost of sales to adjusted cost of sales

(£000)	For the year ended 31 March 2024	Restated For the year ended 31 March 2023
Cost of sales – statutory	**(651,124)**	(505,622)
Deduct change to accounting estimates of RVs of fleet fixed assets	**(2,907)**	(30,821)
Add back exceptional items	**–**	4,434
Adjusted cost of sales	**(654,031)**	**(532,009)**

Reconciliation of gross profit to adjusted gross profit

(£000)	For the year ended 31 March 2024	Restated For the year ended 31 March 2023
Gross profit	**137,326**	173,359
Deduct change to accounting estimates of RVs of fleet fixed assets	**(2,907)**	(30,821)
Add back exceptional items	**–**	4,434
Adjusted gross profit	**134,419**	**146,972**

Glossary
(continued)

Reconciliation of operating expenses to adjusted operating expenses

(£000)	For the year ended 31 March 2024	Restated For the year ended 31 March 2023
Operating expenses	**(187,045)**	(125,102)
Depreciation of owned fixed assets	**5,067**	3,979
Amortisation of goodwill	**24,362**	24,359
Amortisation of intangible assets	**31,892**	29,197
Operating exceptional items	**2,022**	–
Impairment	**51,352**	–
Adjusted operating expenses	**(72,350)**	(67,567)

Reconciliation of certain pro forma financial information of Zeus Bidco Limited (“Bidco”) to Zenith Automotive Holdings Limited (“Topco”) group of companies

As of the date of this document, Zenith Automotive Holdings Limited (“Topco”) is a holding company with no revenue-generating activities of its own, and no business operations or material assets, other than its indirect ownership of 100% of Zeus Bidco Limited’s share capital. There are no differences in turnover, gross profit, adjusted EBITDA or operating profit between the consolidated accounts at Topco and Bidco levels. The differences in loss for the year and the balance sheet are of a similar nature, substance and quantum as we reported in the reconciliation contained within the offering memorandum (dated January 2022) for our senior secured notes due 2027.

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