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Group at a glance



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Our purpose, vision, and values

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

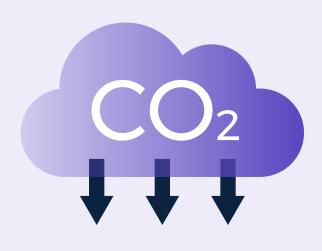
By applying our values to the work we do in pursuit of our vision, we provide value to all of our stakeholders.

Our purpose



To provide sustainable, innovative vehicle mobility solutions

Our vision



To decarbonise the UK vehicle parc by eliminating tailpipe emissions

Our values

INNOVATIVE PASSIONATE AGILE PROUD DRIVEN HONEST



Our values reflect the behaviours that our colleagues bring to work with them every day - if we live up to our values then we'll be doing our best for our customers and our teams.

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.

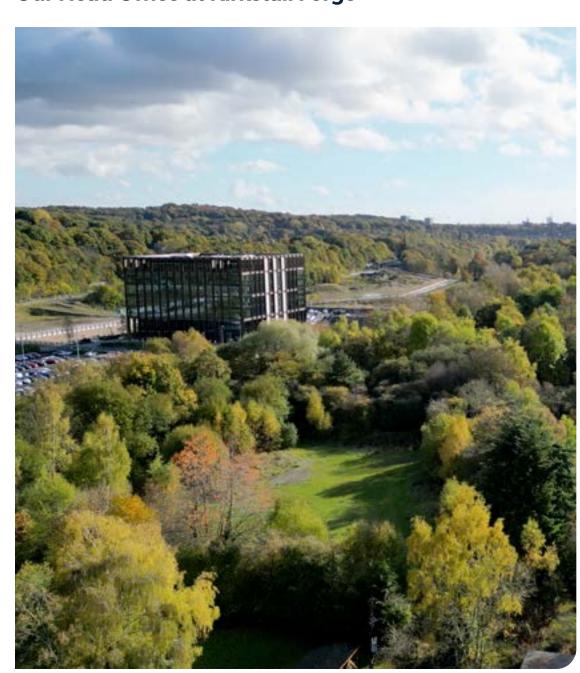
Honest

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



Zenith in numbers

Our Head Office at Kirkstall Forge



FY25 financial overview¹

Revenue²

£836.9m

+5.9% YoY

Statutory gross profit

£106.8m (22.9)% YoY

Adjusted EBITDA

£42.2m

Adjusted EBITDA excluding RV profits³

£28.5m

+2.7% YoY

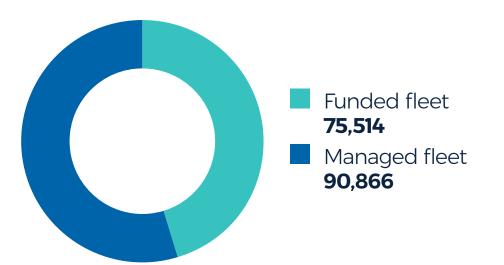
Statutory operating loss

£(39.0)m

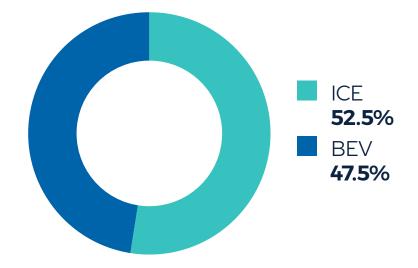
Total fleet size

166,380

FY25 fleet overview



Funded fleet by fuel type⁴



(34.0)% YoY

1. Continuing operations only. A comprehensive set of statutory and alternative performance measures are described in the glossary from page 138 of this report.

- 2. FY24 Revenue figure has been restated from 783,890k to £790,150k. See <u>note 27</u> for details.
- 3. RV profits refers to the profits made on the sale of the vehicle at the end of the lease contract. See glossary for more details.
- 4. Corporate and Consumer funded fleets only.



Annual report and accounts 2025

A-Z

Divisional overview

Our operating divisions address a diversified set of markets through a range of channels -B2B, B2B2E, B2C, B2B2C.



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, short-term rental vehicles, and a suite of ancillary services and products. We ensure that our customers' fleets are optimised and equipped for their current and future business operations, including electrification planning and implementation.



Our Consumer division

Our Consumer division is comprised of our White Label Solutions offering and our digital leasing offering, ZenAuto. Through White Label Solutions, we offer outsourced leasing and fleet management services, leveraging our expertise to support automotive manufacturers and distributors, and consumer finance partners. ZenAuto offers consumers flexible terms and a simple start-to-finish digital journey, all supported by a passionate customer service team.

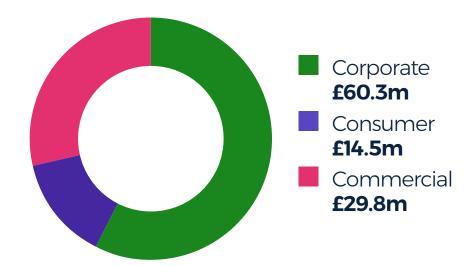


Our Commercial division

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

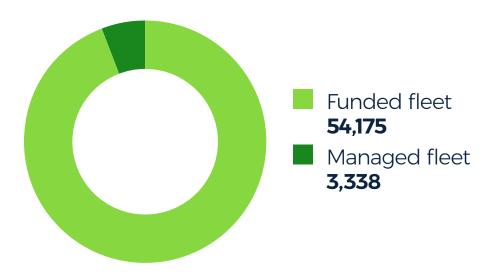
Adjusted gross profit excluding RV profits by division

£104.6m +5.2% YoY



FY25 Corporate fleet size

57,513 +1.3% YoY



Visit our Corporate section > page 25

FY25 Consumer fleet size

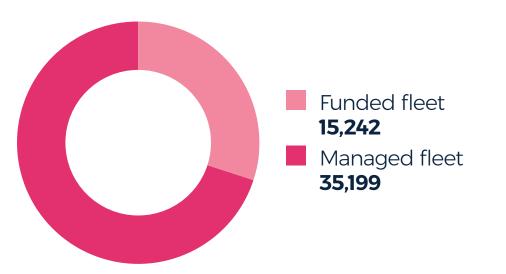
58,426 (4.8)% YoY



Visit our Consumer section > page 28

FY25 Commercial fleet size

(2.5)% YoY



Visit our Commercial section > page 30

Strategic report

Our strategic report sets out 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



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Chair's foreword

Amid a backdrop of challenging economics, political uncertainty, and ongoing market disruption, Zenith has used its strengths to navigate the headwinds and continue to deliver value for our stakeholders.

Stuart Rose

Lord Stuart Rose Chair



This year has presented a series of difficult and unforeseen economic conditions, with a change of government and subsequent fiscal approaches putting pressure on budgets, both for businesses and consumers. This has impacted confidence, economic growth, and investment.

A strategic response

Amid all the challenges, I am proud of the way Zenith has responded, and the progress made in delivering its strategic objectives, such as achieving business growth, improving operational efficiency, and attracting and retaining colleagues By focusing on the factors it can control, it has engaged its people, provided exceptional customer service, and operated the business in the most effective way possible.

While Zenith remains committed to our decarbonisation vision and continues to support customers achieve electrification of their fleets at a sustainable pace, the decline in the sale price for used battery electric vehicles (BEVs) has been a material challenge for the sector. Zenith has taken positive steps to mitigate these pressures with its lease extension programme, but more industrywide support is needed to establish a used market to encourage demand levels to reach levels of supply. We have continued to actively engage with industry associations and the Government to ensure we can provide market insight. We were particularly pleased to see the results of the recent zero emission vehicle (ZEV) mandate consultation response, which incorporated many of our suggestions. We hope this will reduce the uncertainty and provide a clearer path for the BEV transition.

Ensuring the business can achieve sustainable long-term success was the driving force behind the extension and amendments to the securitisation facilities during the financial year. Although made more challenging by external market factors, with the support of our majority shareholder, we have the depth of maturity and headroom to deliver our future growth plans.

This year has also seen the FCA investigation into Discretionary Commission Arrangements (DCAs) and a Court of Appeal ruling on Commission Disclosure complaints. Zenith does not operate the traditional broker model, so is not exposed to discretionary or non-discretionary DCAs and remains out of scope of this review. We will, however, closely monitor the developments and response to the judgement.

Outlook

While the economic climate and market conditions are expected to remain uncertain for some time, given ongoing changes to tariffs and geopolitical unrest, I am confident that Zenith's approach to these challenges, along with the diversification of the Group, will ensure its success. The business has proven its adaptability and responsiveness to changing conditions and, when you take out the impact of used car prices, Zenith's underlying revenues and profits have continued to grow.

This resilience is a testament to the work of our outgoing CEO, Tim Buchan, who retired from the business in March after 20 years of service. Throughout this time, he focused on delivering value to our stakeholders and ensuring a thriving culture and workplace. I would like to thank him for his invaluable contribution and wish him all the very best for the future.



"I am proud of the progress Zenith has made in delivering its strategic objectives. By focusing on the factors it can control, it has engaged its people, provided exceptional customer service, and operated the business in the most effective way possible."

We are fortunate that our new Chief Executive. Richard Jones, who joined in March, is a seasoned business and people leader, with a career spanning 25 years in financial services. Richard's deep experience in the sector, and track record in delivering value for customers, partners, and shareholders, means he is ideally placed to lead the Zenith Group through the next stage of its development.





CEO's statement

I'm delighted to have joined Zenith to lead a capable business that is focused on delivering meaningful, strategic progress, and strong stakeholder outcomes. Our collective efforts have resulted in the continued growth of our underlying business.

Richard Jones

Richard Jones CEO



FY25 highlights

- Created £10.8m of value through our lease extension programme.
- **Onboarded 94% of salary sacrifice** customers on to our digital platform.
- · Liquidity of £129.0m.
- Provided long-term sustainability with the upsize and extension of our EFP securitisation facility.



We continued to make progress against our strategy in FY25, despite a challenging external environment for businesses. Taking a strategic approach to the decisions within our control, we continue to deliver exceptional customer experiences, implement transformational technology to enable our growth, and create a culture which attracts and retains the best talent.

An everchanging landscape

Within the automotive industry, there is ongoing uncertainty surrounding the pace at which we transition to net zero vehicle emissions. Multiple changes in legislation, perceived lack of charging infrastructure investment, and negative attention from parts of the media have contributed to lower consumer confidence in electric vehicles (EVs), especially for used car buyers. These influences have contributed to volatility in used BEV prices, which impacts businesses who take risk against residual values, and for Zenith, this has resulted in lower overall residual value (RV) profits.

Initiatives like Project Volt - where we extend the lease contracts on BEVs with existing customers - have been a fantastic example of proactive leadership, helping our customers avoid higher leasing costs whilst mitigating residual values losses. Volt has created £10.8 million of value since its inception in 2024. However, we know that more needs to be done at a market level to ensure that customer demand for used EVs keeps pace with the growing supply. This year we've worked closely with the British Vehicle Rental and Leasing Association (BVRLA) and our peers, raising awareness of the issues and asking the Government for their support to make EVs more accessible, to reduce charging-point concerns, and to build confidence in second-hand BEV adoption.



"The EV transition is progressing well for new cars. However, we must see more collective action to create a vibrant used BEV market as this is the key to securing the long-term success of BEVs."

Business performance

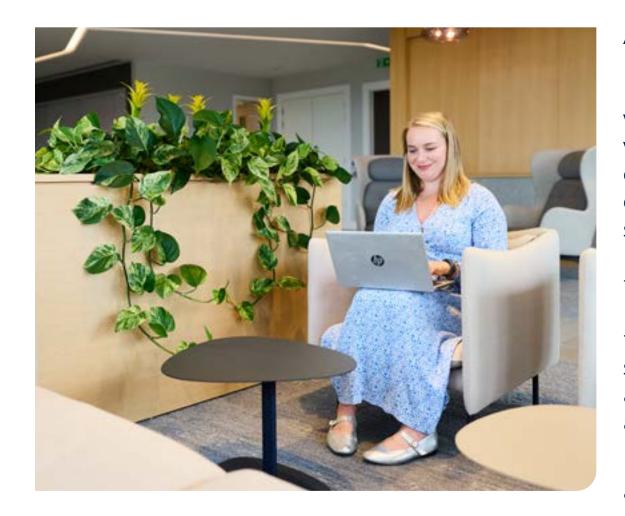
In our Corporate division, we've achieved our third consecutive year of growth in our funded fleet, supported by the Government's renewed commitment to Benefit-in-Kind (BiK) tax rates, which continue to drive demand for salary sacrifice schemes. We have a stable customer base, with a 96% retention rate and 23 new business wins. We've also made good operational progress in this division, with growth in our lease margins and inlife income.

In Consumer, our White Label business is performing well, driving our financial performance forward year-on-year. In ZenAuto, we've focused on margin growth over fleet expansion. The division continues to deliver great customer service with an 'excellent' 4.6 Trustpilot score.

The successful conversion of pipeline opportunities in our Commercial division has strengthened our fleet management offering. Through initiatives such as closing our workshop locations in England and focusing our maintenance operations through an expanded team of Mobile Service Units (MSUs) and our trailer rightsizing programme, we've been able to make both cost savings and a reduction in fleet miles.



CEO's statement



Another area where we've been able to add real value is our technology, with tangible progress made on our transformation programme as we enhance our digital offering. Within the year we onboarded almost all of our salary sacrifice customers on to Miles, our single asset and contract management system. We have already seen the impact this improved user journey has had with a 25% increase in Corporate orders for the second half of the year, compared to the same period in the prior year. We look forward to seeing the ongoing benefits our enhanced technology stack will bring for both colleagues and customers as we reduce complexity through standardisation and automation.

Underpinning all of our customer-facing achievements is the progress made with our People Promise. I have been overwhelmed by the warm reception I have had from colleagues all of whom speak so highly of the thriving culture and exceptional colleague experience at Zenith. Our commitment to do the right thing is clear across the business, from prioritising colleagues' personal and professional growth through MyGPS, to introducing a pay framework that ensures everyone feels valued, to pushing forward with our inclusion agenda when many businesses are pulling back. It is this dedication to colleague wellbeing and development that makes us different, as evidenced by our high engagement scores and low attrition. We have ambitious plans for next year and beyond as we build a stand-out customer experience and a better working environment for colleagues.

Looking ahead

While the EV transition is progressing well for new cars, and provides huge opportunity for Zenith, we continue to navigate market and economic uncertainty and RV volatility.

Key to securing the long-term success of BEVs is the need for more collective action to create a vibrant used BEV market. The ongoing development of our secondary leasing offering will help bring EVs to a new segment of drivers with an attractive service proposition and price point, whilst building greater resilience against used BEV price volatility.

Finally, I want to say how impressed I have been by the strength and resilience of this business, the capabilities of our colleagues, and their dedication to deliver value to our customers. In particular, I'd like to thank Tim Buchan, my predecessor, for his leadership of Zenith over the previous 15 years. Under his direction, the business has grown from a fleet of 12,000 company cars to nearly 170,000 vehicles, broadening its range of end markets, creating a truly diversified business with a culture based on fairness and inclusivity. I am energised about what we can achieve going forward, working together with our customers and partners to drive Zenith onwards and upwards.



"I want to say how impressed I have been by the strength and resilience of this business, the capabilities of our colleagues, and their dedication to deliver value to our customers."





Our investment case

Our leading position within the vehicle leasing industry, breadth of services, and diversity of our end markets, underpinned by market-leading digital platforms all contribute to 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 marketleading Trustpilot scores.

ZenAuto: 4.6 Corporate: 4.1

Sole supplier to many of our customers

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

Sole supplier to many of our 250+ Corporate customers

Market-leading digital platform with proprietary portals

The rollout of our proprietary solutions through our transformation projects 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.

£1.5bn of vehicle funding facilities

Underlying structural growth with diverse market segments

Visible and recurring income

The majority of our vehicle leases are contracted for 3–4 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 55% of adjusted gross profit is generated by contracted and scheduled income

Diversity of market segments and 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 White Label Solutions service and digital leasing brand ZenAuto).

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 continued to grow our fleet and value to our stakeholders.

5-year funded fleet CAGR of 4.4%

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.

Negligible levels of delinquencies and defaults across the Group

Industry leading

Wealth of industry experience

For more than 35 years, 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.

BEVs comprise 47.5% of our funded fleet¹ and 46.5% of our order book²

First to market

We were the first to launch a private sector salary sacrifice scheme over 25 years ago, and more recently our ZenAuto platform was the first fully digital direct-to-consumer offering in the UK.

Pioneer of UK salary sacrifice schemes

Well positioned to benefit from growing demand for outsourcing across market-leading Commercial offering

Within our Commercial division, we have the largest fleet of MSUs providing service, maintenance, and repair to commercial vehicles and the widest range of trailers available for hire, enabling us to address the growing trend towards outsourcing of critical fleet management.

Largest MSU fleet in the UK: 139 MSUs

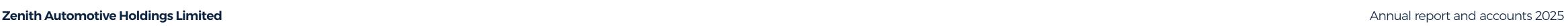
Government incentives to decarbonise providing tailwinds for growth

Benefit-in-kind tax incentives for company-sponsored schemes, combined with a historically high personal tax burden, is providing a tailwind for growth.

BiK incentives extended to 2030

1. Corporate and Consumer funded fleet only.

2. As at 31 March 2025.







Our business model

We provide end-to-end vehicle outsourcing and fleet management solutions...

Procurement

Support customers with specification and selection throughout the procurement process, including provision of an interim vehicle to cover order lead time.

Fleet management and in-life services

Offer a wide range of in-life services across the length of a contract.

End of contract

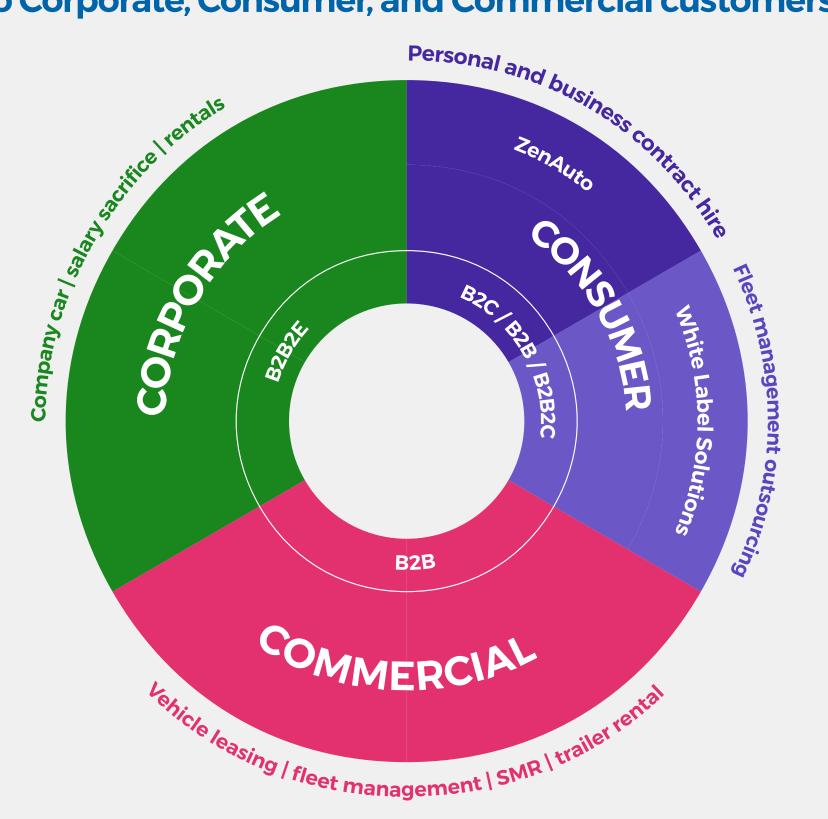
When a contract ends, the vehicle is either:

Disposed of – sold primarily through auctions. **Extended** - either on a formal or informal basis.

Retained - leased under a further secondary leasing contract.

Customer renews contract with procurement of new vehicle.

...to Corporate, Consumer, and Commercial customers...



Corporate

- · Vehicle procurement
- Short-term rentals
- Consultancy
- · Fleet management
- · Vehicle compliance
- Driver services
- Ancillary management and services
- Fleet leasing
- Lease extension
- Remarketing

Consumer

- · Vehicle procurement
- Fleet management
- · Vehicle compliance
- Driver services
- Fleet leasing
- Remarketing
- Lease extension

Commercial

- Fleet management
- · Vehicle procurement
- Consultancy
- · Service. maintenance. and repairs
- Ancillary services
- · Vehicle compliance
- Trailer rentals
- Fleet leasing
- Lease extension
- Remarketing

...enabling us to create value for our stakeholders.



Customers

End-to-end offering underpinned by proprietary digital platforms supports the entire customer journey, meeting tailored requirements.



People

We deliver an exceptional colleague experience and fair deal for all through our People Promise.



The planet

Through delivering our vision, we are committed to reducing our impact on the planet.



Communities

Engaging with local communities to create value through sustainable growth by providing employment and support opportunities.



Investors

Delivering sustainable underlying growth underpinned by a robust, long-term strategy.



Supplier partners

Long-term, strategic partnerships with suppliers.



Government regulators and industry bodies

Collaborating with industry bodies and regularly engaging with regulators and the Government.



A-Z

Market opportunity

The markets in which we operate present attractive growth opportunities. Our end markets are diverse and cover all economic sectors.

Our key drivers

The UK vehicle parc represents a large and growing market

Increase in car registrations in 2024 YoY

2.6%

The UK vehicle parc, comprising 42 million vehicles, grew for the fourth consecutive year, with new car registrations driving the growth; up 2.6% year on year, representing a large and growing market.1

The majority of our car leasing activity relates to new vehicles, and therefore the level of new vehicle registrations represents a key market indicator. Volumes of new car registrations were lower than the long run average in 2024, for the fifth consecutive year, however, grew year on year, as the market transitioned towards BEV vehicles and volumes continued to recover from supply constraints. Total volumes are predicted to decline as the transition to BEVs increases and internal combustion engine (ICE) vehicles are increasingly discontinued.

Car registration volumes



Continued trend from ownership to usership driving fleet registrations

Fleet market share of registrations +2.3 ppts YoY

59%

Fleet registrations have represented a greater share of car registrations than private registrations since early 2023, and continue to capture market share, reaching 59% for the 12 months to March 2025 and growing by 6% compared to the prior 12-month period, versus private registrations which declined by 4% over the same period¹. This reflects the continued trend away from owning assets, particularly high value assets, towards subscription models that is seen across many economic sectors.

Private and fleet car registrations (TTM²)





^{1.} SMMT

^{2.} SMMT. Figures on trailing twelve months basis.

Tailwinds of Government incentives into the medium term driving demand



Extension of favourable BiK tax rates on BEVs to 2030 and ZEV mandate driving BEV supply higher

BiK tax 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. During the year, the low BiK tax rates on BEVs were extended to 2030, and correspondingly, BiK tax rates on ICE vehicles were increased, making BEVs relatively more attractive.

On the supply side, the industry fell short of the ZEV mandate target for 22% of original equipment manufacturer (OEM) sales to be BEV, however, sales grew over 20% year-on-year.¹ The requirement for no new petrol and diesel cars to be sold by OEMs after 2030 remains, and will drive the volume of new BEVs higher.

This market intervention has caused some volatility in pricing as OEMs have offered large discounts on new BEVs. The lack of support for the second-hand market has meant that demand for used BEVs has not kept up with supply, impacting pricing of second-hand BEVs.

Emerging secondary leasing presenting new growth opportunity



Current volume of secondary leases

15,000

Secondary leasing, where a vehicle is re-leased under a new contract to a new driver, is a nascent but growing market. In Q4 2024, the BVRLA recorded 15,000 secondary leases, representing less than 1% of the total BVRLA car lease fleet. Volumes are expected to grow, driven by the combination of the trend towards usership, and the higher cost of new car leases.

Secondary leases open up a new market segment, for drivers that cannot afford a new car lease or the capital outlay for a new or used vehicle.

In addition, confidence in the lifetime of vehicles is growing, seen through the growth in the average age of the vehicle parc, which has increased from eight years in 2019 to 9.5 years in 2024¹. Furthermore, with increasing evidence around the resilience of BEV battery life and growth in charging infrastructure, confidence in BEVs is growing and consequently BEVs are expected to be well placed to benefit from the emergence of this new market.

Ecommerce activity driving demand for logistics operations



Ecommerce 2024-2030 CAGR²

14.3%

Ecommerce, and correspondingly logistics, represent key end markets for our Commercial division. Fcommerce as a percentage of total retail sales has remained high, and was estimated to represent nearly 30% of overall retail sales in 2024, up from 19% in 2019³. Whilst retail spending is forecast to decline by 2.1% and 2.5% in 2025 and 2026 respectively,4 logistics activity is expected to achieve a compound annual growth rate (CAGR) of 7.5% between 2025–2030², representing a resilient and strong growth opportunity for our Commercial division.



^{2.} Grandview Research



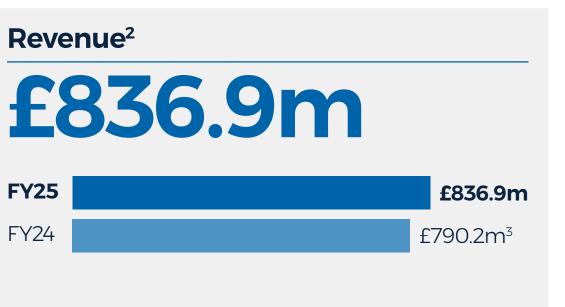


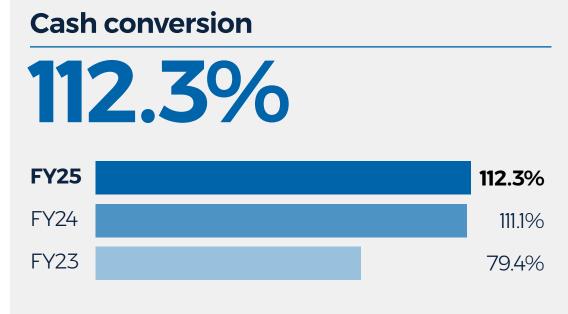
^{3.} Office for National Statistics

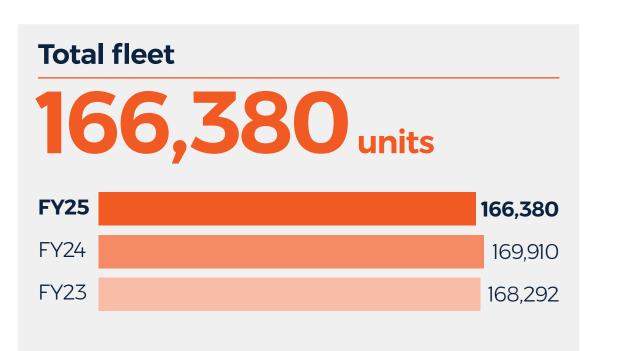
^{4.} Centre for Retail Research

Key performance indicators

Financial KPIs¹



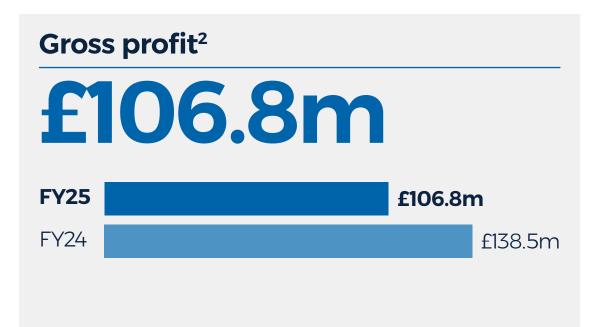


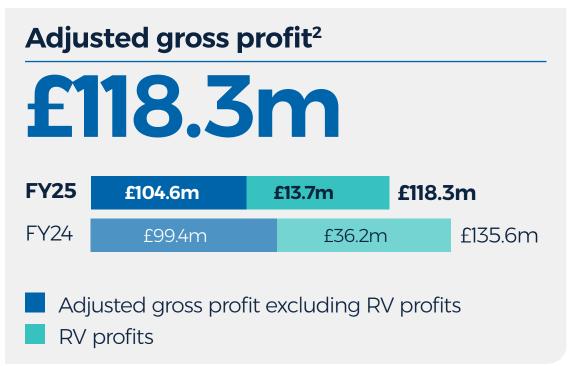


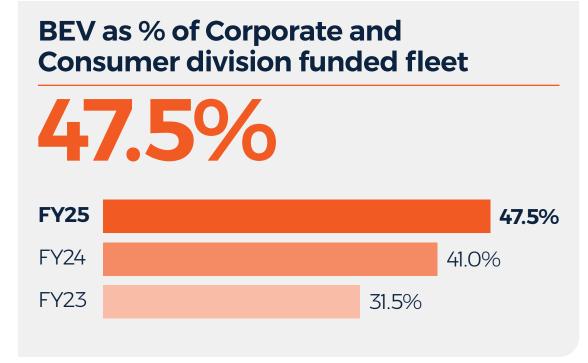
Non-financial KPIs

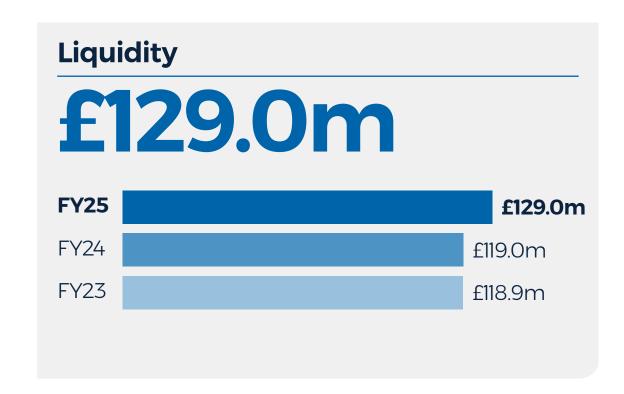
Our financial and non-financial KPIs are aligned to our strategic objectives.

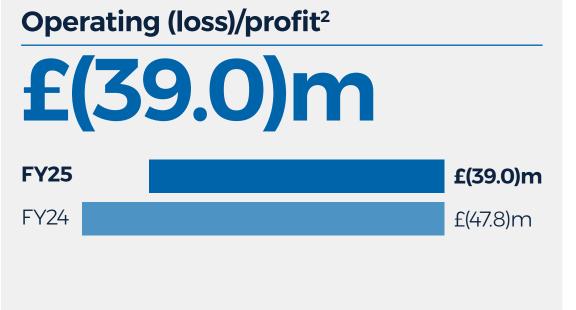
This year we have added revenue to our KPIs, and also further detail on adjusted gross profit and adjusted earnings before interest, taxes, depreciation, and amortisation (EBITDA) metrics by separating out the RV profit component to provide greater insight into the underlying performance of the business.

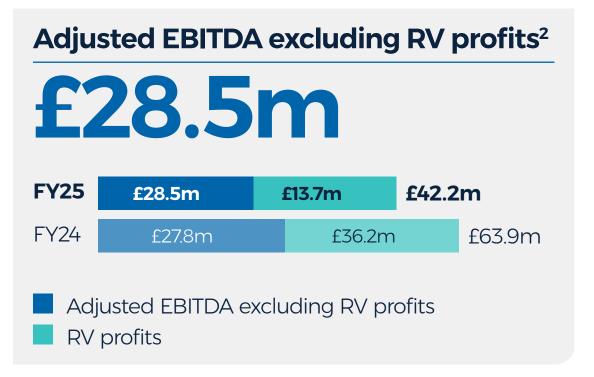














- 1. A comprehensive set of statutory and alternative performance measures are described in the <u>Glossary</u> from page 138 of this report.
- 2. Continuing operations only. Total operations was apportioned into continuing operations and discontinued operations from FY24 onwards and therefore FY23 comparatives for profit and loss items are not available.
- 3. FY24 revenue figure has been restated from £783,890k to £790,150k. See <u>note 27</u> for details.



Annual report and accounts 2025

Our strategic pillars

Our strategic pillars have been carefully considered to ensure we're delivering long-term value for our stakeholders.



Be the leader in our chosen markets

Our end-to-end solution encompasses procurement, leasing, vehicle outsourcing, and fleet management services, underpinned by our marketleading technology platforms, allowing us to create market-leading offerings in our chosen markets.

We have a 35-year track record of expertise across multiple market segments driven by our digital proprietary platforms, unlocking opportunities to build out long-term capabilities and sustainably evolving our proposition.

Our active voice in the industry positions us as thought leaders and strategic partners for businesses, and a trusted provider for our customers.

To find out more about our strategic progress, visit our Corporate, Consumer, and Commercial pages.



Operate sustainably

We aim to deliver a positive impact and are conscious of the effect that our business has on the environment, on communities, and on society as a whole. We approach sustainability holistically by creating roles that are designed for growth, developing and sustaining scalable operations, and continuously evolving our diverse proposition to the current and future market opportunities.



Grow a digitally relevant business

Through evolving our technology landscape to satisfy our customers' needs, we aim to provide marketleading digital solutions that enable our customers' fleet and businesses to grow, adding value by driving efficiency, as well as transparent communication and data reporting.

Our cloud-based systems facilitate further growth in the scale and breadth of our operations, creating efficient digital experiences for our customers and colleagues.

To find out more about our technological progress, go to page 37.



Create the best employee experience

We drive our business forward by investing in our brilliant teams, thriving culture, and providing a fair deal for all. In delivering our People Promise, our actions and decisions align to our purpose, vision, and values as we strive to provide an exceptional colleague experience, representing the customers and communities we serve and prioritising long-term colleague potential.

To find out more about our people progress, go to page 33



Make a positive impact on society

As operators within the UK automotive industry, we recognise our responsibility to leave as limited an environmental impact as possible, whilst supporting the communities we serve, and enabling our customers to also make a positive impact.

Our People Powered Impact plan outlines how we will deliver our sustainability agenda, embracing the environmental, social, and governance issues impacting both the business and wider society.

To find out more go to page 18.

Create value for our stakeholders



Our sustainability agenda

We are committed to decarbonising the UK's vehicle parc and are taking active steps to reduce the impact our business has on the environment.



Highlights of the year

SBTi

targets validated

100%

of Zenith own employee company car fleet is BEV (360 vehicles)

20 supply partners trained on carbon literacy Delivering a positive impact on society and creating value for stakeholders is at the heart of our sustainability agenda. Our approach embraces the environmental, social, and governance issues that we impact, and those that impact upon us. This includes playing an active role in the automotive industry's transition to ZEVs at tailpipe, to building a culture of conscious inclusion, alongside a commitment to transparent corporate governance.

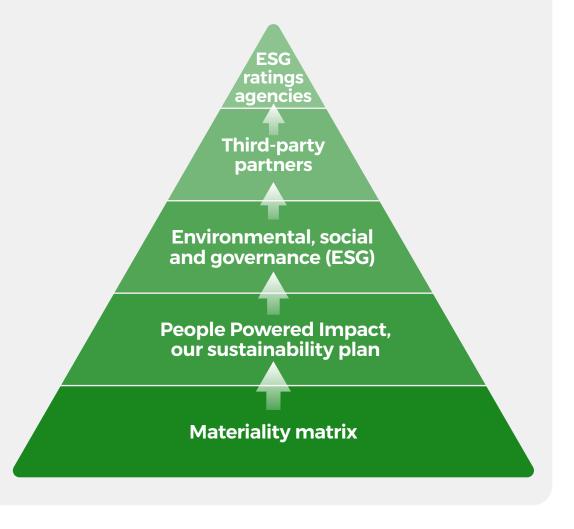
We are conscious that we operate within the UK's highest-carbon-emitting sector, with transport being responsible for 30% of total emissions in 2024. The Government recognises the opportunity presented by the automotive industry in addressing emissions and has demonstrated this through initiatives such as the ZEV mandate and BiK incentives. Zenith is committed to providing our customers with the right vehicles for their needs, while driving both our business' success and our decarbonisation strategy at a sustainable pace, working with, not against, the current external conditions.



Our sustainability framework

Our sustainability framework 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.



^{1. &}lt;a href="https://assets.publishing.service.gov.uk/media/67e4060df356a2dc0e39b4cd/2024-provisional-greenhouse-gas-emissions-statistics-statistical-release.pdf">https://assets.publishing.service.gov.uk/media/67e4060df356a2dc0e39b4cd/2024-provisional-greenhouse-gas-emissions-statistics-statistical-release.pdf

Materiality matrix

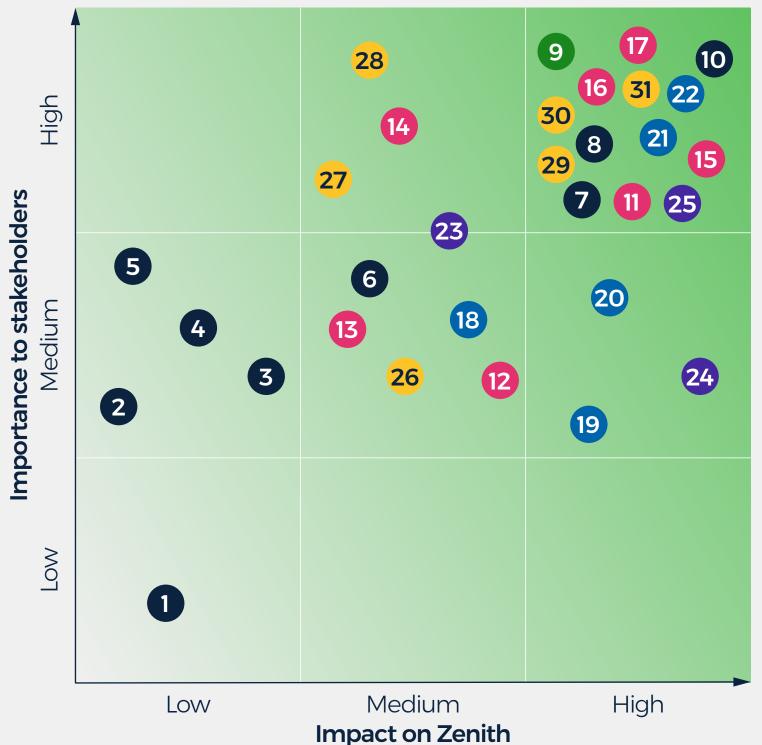
stakeholders.

in line with the Sustainability Accounting

A-Z

Zenith materiality matrix

The Zenith materiality matrix, which was designed Standards Board materiality finder, is at the core of our plan. It was developed through internal interviews, research, and reviews by our ESG Committee, and allows us to identify the most critical sustainability issues for our business and



Environment

- Water management
- Biodiversity
- Waste management
- Deforestation
- 5. Single-use plastic
- Energy management
- **GHG** emissions
- 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 ambition:

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



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.

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



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.

People Powered Impact

Our People Powered Impact plan enables us to make a positive change across a range of complex and interrelated challenges. We believe that together, we can build a secure and sustainable society for future generations.

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

To reach net zero for our own operations.

To enable customer fleet decarbonisation.

To provide colleagues with development to be the best they can be.

To build a diverse and

inclusive workforce.

To deliver a safe and healthy workplace, free from exploitation and discrimination.

To support our communities.

9

10

To promote sustainable mobility.





4 QUALITY EDUCATION



Directly or indirectly, we will contribute to 13 of the

United Nations Sustainable Development Goals:









To lead a low-impact, circular supply chain.

To enhance biodiversity.

To deliver good outcomes for all customers and help them to reach their goals.













A-Z

FY25 highlights

Planet



Culture



Community





Offsetting our Scope 1 and 2 emissions each year though afforestation in Ghana (Verra standard certified) and improved cookstoves in Rwanda (Gold Standard certified).



Relaunching our Women at Zenith network with a 'See yourself through a different lens' social event where colleagues came together, regardless of gender, and participated in a range of engaging activities.



Hiring three university students into the business, all of which were from under-represented ethnic groups, and two of these were women working in data or technology roles.



Volunteering with Tree Appeal by planting saplings in a conservation area in Yorkshire.



Celebrating Mental Health Awareness Week and organising a range of wellbeing events, including a mental health walk and guided meditation sessions.



Delivering presentations to six schools and colleges, reaching 150 students in a low socioeconomic catchment area across the region, resulting in 81 of them applying for an apprenticeship project.

Science Based Targets initiative (SBTi)

We have validated our near-term and long-term net zero carbon reduction targets by SBTi. These underpin Zenith's emissions reduction initiatives, with key actions including enabling customers to transition to ZEVs, promoting transparency within the industry, and engaging with industry bodies and peers on automotive legislation and regulation.

We have set ambitious targets to act as an inspiration to our stakeholders to also take action. We are reliant on industry changes such as decarbonisation of vehicle production, the implementation of zero emission HGV technology, and the decarbonisation of the energy grid to ensure that BEV charging emissions are zero emission to achieve its targets.







A-Z

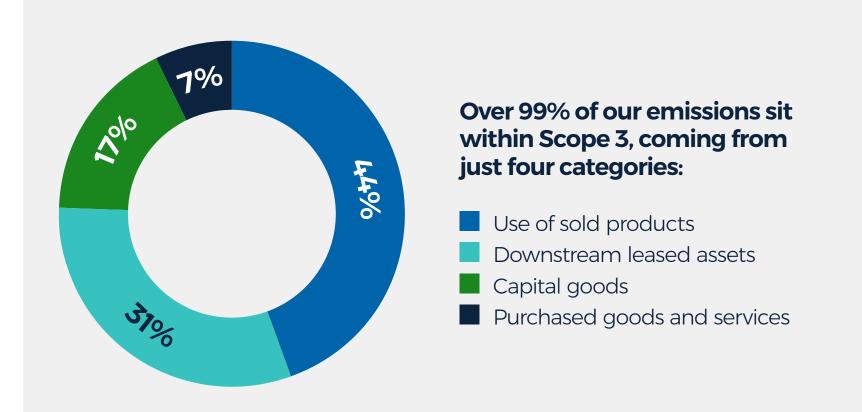
Our sustainability agenda

Emissions table ¹		Restated ²	
Category*	FY25	FY24	% change
Scope 1 (tCO₂e)	1,690.3	1,996.6	(15.3)%
Scope 2 (tCO ₂ e)			
Market-based	421.4	566.6	(25.6)%
Location-based	617.2	721.5	(14.4)%
Scope 3 total (tCO₂e)	1,132,841.7	1,082,238.9	4.7%
Upstream total	276,975.4	327,764.1	(15.5)%
Downstream total	855,866.3	754,474.8	13.4%
Total GHG emissions (tCO₂e)	1,135,149.2	1,084,957.0	4.6%
Direct GHG emissions (Scope 1 and 2) tCO₂e per employee	1.6	1.9	(16.4)%
Total GHG emissions (Scope 1, 2 and 3) tCO₂e per employee	765.4	742.6	3.1%
Direct GHG emissions (Scope 1 and 2) tCO₂e per £1million of turnover	2.7	3.4	(20.8)%
Total GHG emissions (Scope 1, 2 and 3) tCO₂e per £1million of revenue	1,343.4	1,376.8	(2.4)%
Total Scope 3 emissions per funded vehicle (75,514)	15.0	14.0	7.3%
SECR - Scope 1 and 2 GHG emissions and Scope 3 business car travel (tCO₂e)	2,373	2,781	(14.7)%
SECR - Scope 1 and 2 energy consumption and Scope 3 business car travel (kWh)	10,435,499	12,043,146	(13.3)%

^{*}See page 75 for definitions and page 89 for emissions calculation methodology.

SBTi targets FY25 progress versus **Timeframe** baseline year Scope **Target** To reduce our absolute Scope 1 and 2 GHG Scope 1 and 2 Near-term emissions 47.5% by 2030 from a FY22 base year 45.2% reduction To reduce our absolute Scope 1 and Scope 2 Scope 1 and 2 Long-term emissions by 90% by FY50 from a FY22 base year To increase active annual sourcing of renewable 62% of electricity from Scope 2 Near-term electricity from 21.2% in FY22 to 100% in FY30 renewable sources To reduce Scope 3 GHG emissions by 51.6% per 4.2% increase Scope 3 Near-term funded vehicle by FY30 from an FY23 base year Scope 3 To reduce our total Scope 3 emissions 90% by 2.4% increase Long-term FY50 from a FY23 base year

Zenith's material Scope 3 GHG emissions categories



Category

Use of sold products

The remaining life cycle use of the funded fleet vehicles after the point for further details. we sell them.

Launching a secondary leasing solution. See <u>page 15</u>

What we are doing

Downstream leased assets

The mileage driven by our funded fleet vehicles by our customers.

Supporting customers to electrify, with 47.5% of Corporate and Consumer funded fleet now BEV.

Capital goods

The embodied carbon in vehicle production by OEM.

We are focused on collaborating with vehicle manufacturers and industry partners to increase transparency and disclosure of vehicle production emissions.

Purchased goods and services

The service, maintenance, and supplier partners.

Increasing supplier sustainability standards through regular training, monitoring, and collaboration to encourage and instigate innovation and circular economy practices.

repair of our vehicles by our key

Zenith Automotive Holdings Limited

^{1.} Our FY24 and FY25 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.

^{2.} We are restating our FY24 figures due to improvements in data accuracy of our Scope 1 and 2 emissions, and the inclusion of Scope 3:Category 11 (use of sold products) and Scope 3: Category 12 (end-of-life treatment of sold products) as advised during our SBTi target validation review.

Our net zero transition plan

Regulatory landscape
Zenith commitments

Short term (2025-2030)

2025

UK Government consultations expected regarding the UK sustainability reporting standards (SRS) and transition plan disclosure for financial institutions and large companies.

Department for Transport (DfT) response to consultation on phasing out the sale of new petrol and diesel cars from 2030 and support for the Zero Emission Transition and 'Zero emission vans: regulatory flexibility'.

2025

Zenith's near-term and long-term net zero carbon reduction targets validated by SBTi.

2027

EU rules of origin currently planned to take effect requiring at least 45% of EV parts to have originated from either the UK or EU, or face a 10% tariff.

2030

2030 - ZEV mandate target of 80% of cars and 70% of vans sold by manufacturers must be zero emission, with phased percentage increases year-on-year.

reduction targets.

Medium term (2030-2040)

2035

UK Government ban on sales of new non-zero emission vehicles up to and including 26t.

UK Government target to reduce emissions by 78% compared to 1990 levels.

Long term (2040-2050)

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.

2050

To reduce our absolute Scope 1 and Scope 2 emissions 90% by FY2050 from a FY2022 base year.

To reduce our total Scope 3 emissions 90% by FY2050 from a FY2023 base year.

Summary actions

Scope 1 & 2

- · Deliver Carbon Literacy training to all colleagues.
- · Regular energy audits of our Head Office and Zenith-controlled transport.
- · Identify and deliver energy reduction initiatives such as colleague and operational behavioural change across our property estate.
- · Continue campaigning for policies that support decarbonisation of the automotive industry through industry bodies, working groups, and via government engagement.

Scope 3

- · Support customers to transition to ZEV and reduce emissions from their fleets.
- · Identify opportunities to introduce alternative fuel vehicles and ZEV within the HGV fleets of our Commercial customers.
- Public relations and lobbying activity to raise awareness and instigate change.
- · 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.
- Deliver Carbon Literacy training to key partners and stakeholders.

2030

To reduce our absolute Scope 1 and 2 GHG emissions 47.5% by 2030 from a FY2022 base year.

To increase active annual sourcing of renewable electricity from 21.2% in FY2022 to 100% in FY2030.

To reduce Scope 3 GHG emissions by 51.6% per funded vehicle by FY2030 from an FY2023 base year.

Interim targets will be set and agreed following completion of our existing near-term carbon

Our strategy in action



Corporate division	2
Consumer division	2
Commercial division	3
Our people	3
Technology	3
Group financing and fleet funding	3





Corporate division



Our Corporate division provides company-sponsored schemes, multiple leasing options, short-term rentals, and LCVs for many of the UK's leading businesses.

Total funded fleet size

54,175 +5.8% YoY

Orders

13,761

Deliveries¹

14,346 (14.4)% YoY



FY25 headlines

- Increased orders and enhanced customer journey through our salary sacrifice portal.
- Maintained a balanced fleet as part of our commitment to sustainability.
- Material improvements in customer satisfaction, as evidenced by a 96% customer retention and new business referrals.
- Our customer service has supported in-life service growth.
- Zenith's own colleague company car fleet reached 100% BEV.

There are 57,513 vehicles in our Corporate fleet, the majority of which forms our funded fleet. We focus on delivering tailored services and processes to ensure that our customers receive the right blend of vehicles, funding, advice, and exceptional service.

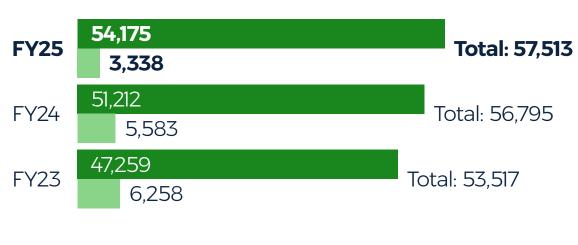
Our offering includes the provision of vehicle funding, vehicle maintenance, fleet management, accident management, business process outsourcing, short-term rentals, and fleet consultancy, with packages tailored to customer requirements.

Financial performance	FY25 £m	FY24 £m	Change %
Revenue	564.7	522.6	8.1%
Statutory gross profit	57.1	87.8	(34.9)%
Adjusted gross profit excl RV profits	60.3	57.4	5.0%

Corporate fleet size

57,513

+1.3% YoY

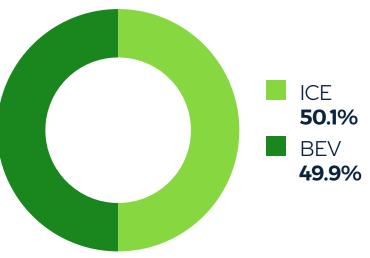


Funded fleet

BEV % of Corporate funded fleet

49.9%

+5.8ppts YoY





Corporate division

New business wins

23

this year

Customers retained¹

96%

retention rate

Average tenure of customer

9 years

Rental fleet fulfilment

 $99.8\%^{2}$

Our solutions

Company cars and LCVs

Company cars are a form of non-cash benefit that an employer provides and can offer to an employee as part of their benefit package, or as a resource that is necessary for carrying out their role. Alongside leasing, we offer fleet management services with a designated point of contact for each customer, delivering tailored in-life services throughout the duration of the lease contract.

As well as cars, our offering includes LCVs that are designed and built to the specific requirements of different end markets, often incorporating industry-specific equipment, and health and safety features. Our designated LCV team manages over 12,000 vehicles across the UK, providing end-toend rental and fleet management services to businesses who require a vehicle for their business operations.

Our specialist Consultancy team advises on vehicle procurement and electrification planning, whilst balancing efficiency, cost, decarbonisation goals, and risk management. By utilising our established relationships with OEMs, we can offer our Corporate customers fixed or open choice lists for their employees to choose from, as well as wholelife cost calculations.

Salary sacrifice

We are one of the market leaders in the private sector salary sacrifice market, operating for over 25 years to become the first and longest-standing provider in the UK. We concentrate on providing a fully outsourced solution and currently operate over 140 schemes built around our customers' employee benefit requirements, enabling employees to drive fully maintained and insured vehicles. Our salary sacrifice schemes allow the employee to sacrifice a monthly amount via our online portal in exchange for access to a car and maintenance package.

Rentals

Through our partners, we have access to a wide range of vehicles covering a wide range of asset classes, enabling complete coverage across the UK. Our rental offering enables us to provide an end-to-end service, offering alternative vehicles during delivery, maintenance, servicing, and repair wait times. Customers can access both longterm and short-term rentals, so that they have the assets they need throughout every stage of their business operations.

Strategic highlights

Driving orders through deployment of salary sacrifice portal

The majority of our salary sacrifice customers (94%) have now transitioned to our new salary sacrifice portal, Miles. By presenting key information and support in a clear, accessible manner, we have enhanced the speed at which we deliver excellent customer service across all stages of our customer journey, from quoting and ordering to in-life services and to contract renewal. The deployment of our new salary sacrifice customer portal in FY25 helped to drive Corporate orders up 25% for the second half of the year, compared to the same period in the prior year.

Customer retention and cross-selling

Due to the excellent customer outcomes and exceptional service we have delivered, we have retained 96% of our longstanding and loyal customer base, cross-sold products, and secured the trust of new customers. In FY25, one of our existing customers, a UK household name in the food and drink industry, recommended our company-sponsored schemes to their parent company - a global industry leader. This was a particularly significant achievement, being the first time the parent company has used a UK-specific provider, as opposed to using a pan-European provider for their UK-based operations.



Accident management

We have built a vast network of authorised repair partners nationwide, to ensure that accidents and repairs can be swiftly solved and minimise vehicle downtime.

Furthermore, we upskill colleagues to become specialists, providing them with the in-depth knowledge needed to boost the responsiveness of our customer service, therefore making our internal processes more time and cost efficient.

Zenith colleague customer car fleet

This year, our 360-strong colleague company car fleet completed its transition to 100% electric. By undergoing this process, we have shown our commitment to sustainability and are better positioned to aid our customers to transition to a fully electric company car fleet.

^{1.} Retention rate calculated as the number of customers renewing or continuing as a percentage of total active customers.

^{2.} During the first half of this calendar year, Zenith were able to fulfil 99.8% of customer booking requests for the time and place required.

Future focus

- Continued focus on delivering our Project Volt BEV extension programme.
- Further enhancements to customer experience and internal efficiencies through the rolling out of digital solutions, including completing our transition to our Miles platform.
- As the used EV market matures, we will leverage our vehicle assets and develop our range of services to accommodate the growing demand for secondary leasing.





CEO reflection

Customer centricity has always been at the heart of Zenith. Our exceptional customer service is underpinned by our hassle-free systems and teams that cement customer trust through their knowledge and warmth.

During the year, we've further enhanced our accident management solutions, which enable us to compete on quality of service rather than lowest cost pricing, and these enhancements have led to further efficiencies, which are reflected in our underlying FY25 performance.

We pride ourselves on our ability to nurture new customer relationships – in FY25 we celebrated 23 new business wins – whilst also further developing relationships with existing customers. By consistently delivering good customer outcomes, we have been able to extend these partnerships and diversify the range of services we provide them.

This year, our own colleague company car fleet reached 100% electric; this impressive milestone will help us illustrate the path to electrification for our customers. We're committed to our vision to decarbonise the UK vehicle parc and will continue to drive our decarbonisation strategy and adapt to external market conditions and headwinds.

We collaborated with the BVLRA through their Happy EV After campaign to stimulate discussions with MPs around what needs to be done to create a healthy used EV market and help address the BEV residual value issues that the automotive industry is currently facing. We have remained true to our values and strategy, which has allowed us to navigate current market challenges, and wider economic challenges.

Working in partnership is vital and I want to take the opportunity to thank our supply partners. They have really stepped up and made sure that we receive a quality service, which in turn has allowed us to deliver a quality service to our customers. We have built incredibly strong business relationships that have navigated the complex pressures of our industry and ensured that customer service is firmly at the heart of both our day-to-day and overarching work.

I am proud of our team's enthusiasm and dedication; their 'above and beyond' attitude embeds excellence across our operations and drives our business forward. Together, we have navigated the challenges of the current market whilst staying true to our values and providing excellent customer outcomes.



lan Hughes

CEO - Zenith Corporate and Consumer divisions







Consumer division



Our Consumer division encompasses two businesses: White Label Solutions and ZenAuto.

ZenAuto orders

330 (52.2)% YoY

ZenAuto deliveries

345 (68.8)% YoY

ZenAuto Trustpilot score

4.6
Excellent

FY25 headlines

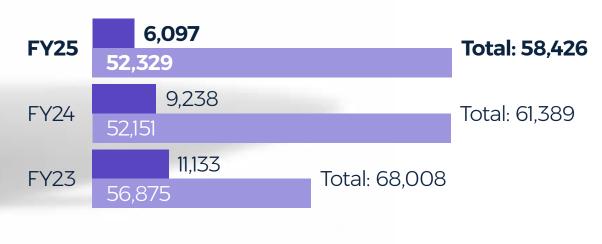
- Digital-first proposition supported by our dedicated teams.
- White Label Solutions is performing well with opportunities for ZenAuto to grow once the market stabilises.
- ZenAuto continues to provide excellent customer service during its conscious cost-containment position.

Our Consumer division encompasses two businesses: White Label Solutions and ZenAuto. Our White Label Solutions service brings our expertise, proven systems and processes, and high-quality service delivery, to offer leasing and fleet management services. ZenAuto, our end-to-end leasing business, is designed to adapt to the needs of consumers and business owners, with its digitally led approach, quick self-serve features, and dedicated Customer Support team.

Financial performance	FY25 £m	FY24 £m	Change %
Revenue	88.3	91.8	(3.9)%
Statutory gross profit	16.3	19.0	(14.3)%
Adjusted gross profit excl RV profits	14.5	13.7	5.6%

Consumer fleet size

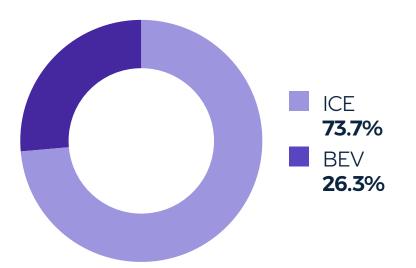
58,426 (4.8)% YoY



Funded fleetManaged fleet



26.3% +2.0ppts YoY



Zenith Automotive Holdings LimitedAnnual report and accounts 2025

Consumer division



ZenAuto

ZenAuto provides flexible 2-4-year leasing terms, underpinned by a simple end-to-end digital journey.

We offer both personal contract hire and business contract hire across a wide range of manufacturers, models, and fuel types. Plus, leasing allows consumers to make the switch to electric without having to consider vehicle depreciation or long-term battery health.

Our passionate customer service teams, competitive pricing, and intuitive digital journey enable us to drive high customer satisfaction, as evidenced by our 'excellent' 4.6 Trustpilot score.

Search, compare, configure, and

order a brand-new car completely

White Label Solutions

Our White Label Solutions service is a B2B2C outsourcing service that partners with financial institutions and vehicle manufacturers. We bring our skilled teams, efficient processes, web front ends, and experience, to allow our partners to operate simply and sustainably, from vehicle procurement to launch day, without disruption to business performance. Each scheme is tailored to the needs of the customer, offering all vehicle asset types, and supporting them through every stage of the journey. Once the scheme is launched, we manage the fleet and in-life services.

Future focus

- Continue to explore partnership opportunities to develop our White Label Solutions business further.
- · Continue to diversify our services and find strategic solutions to market challenges such as extensions and secondary leasing.

CEO reflection

This year, our teams have continued to deliver exceptional service and good customer outcomes amid a backdrop of challenging market conditions. Both businesses have remained efficient and customer-centric, allowing us to further develop our relationships.

Our White Label Solutions business continues to deliver value to customers, having grown from inception in 2015 to a 50,000-strong fleet today.

We continue to strive for optimal margin within our ZenAuto business, which has resulted in a reduction in fleet, while continuing to deliver outstanding customer service, as reflected by our 'excellent' 4.6 Trustpilot score. We pride ourselves on finding innovative ways to simplify our customers' experience, delivering good outcomes through clear communication, embedding Consumer Duty into every interaction, and further enhancing our systems.

I want to commend the passion and determination of our team. Their commitment to continuous growth drives excellent service that prioritises the needs of our customers. Our Consumer division remains an important part of our business, its value and capability have been preserved, ready to grow, and take strategic actions as the market improves.

Ian Hughes CEO - Zenith Corporate and Consumer divisions



The ZenAuto journey

online. Support from our Sales team has been embedded throughout the journey. **ZenAuto**

Await delivery with regular updates.

Return the car and lease a new one, extend lease, or end lease.

Enjoy a 2-4-year lease with support throughout.



Zenith Automotive Holdings Limited

Commercial division



With 25 years of experience in supporting mission-critical operational fleets, our Commercial division delivers market-leading fleet management, funding, service maintenance and repair, and trailer rental solutions with a unique breadth of proposition across all commercial vehicle types.

Average vehicle availability

95.4% (0.2)ppts YoY

Number of MSUs

139 +29.9% YoY

Involuntary customer losses in the last 5 years

0

Average trailer utilisation rate

80.9% +3.1ppts YoY

MSU maintenance hours

355K +37.2% YoY

FY25 headlines

- Enabling customer fleet optimisation, driving efficiency through reduced vehicle downtime, fleet miles, emissions, and cost.
- Utilising our rapidly growing MSU fleet to increase availability and remove the need for collection and delivery to a service agent.
- Innovative technology systems embedded across the user journey, allowing total fleet visibility and increased responsiveness in customer service.
- Strengthening established strategic partnerships and business profitability through product diversification and upselling.

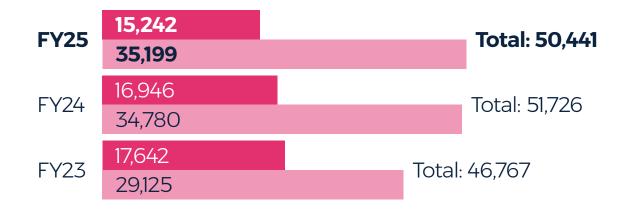
Financial performance	FY25 £m	FY24 £m	Change %
Revenue	183.9	175.8	4.6%
Statutory gross profit	33.3	31.7	5.3%
Adjusted gross profit excl RV profits	29.8	28.2	5.6%

rpes.

FY25 Commercial fleet size

50,441

(2.5)% YoY



Funded fleet

Managed fleet





A-Z

To address cost pressures and reduce environmental impact, through decreasing fleet miles, customers are changing the way they manage their operational fleets, presenting us with an opportunity to utilise our expertise across a wide range of end markets.

Our offering, which combines our proprietary technology landscape, industry and technical expertise, and optimised processes, places us at the centre of our customers' business operations. We have built strategic partnerships with our diverse customer base across a range of attractive, growing end markets, including retailers, parcel carriers, logistics, and distribution.

Products

Fleet management

We have created an end-to-end service, encompassing safety and compliance management (including MOT, service, and inspections), defect management, cost control, and fleet availability, which is delivered on either a partial or fully outsourced basis, through a combination of specialist teams and a range of digital self-service technology solutions. Our systems are fully Driver and Vehicle Standard Agency (DVSA) earned recognition scheme compliant, providing customers with real-time digital access to all compliance documentation.

Customers trust us to manage a critical part of their operations, often as the sole supplier of their fleet management needs, and by analysing and utilising the data from our technology suite, we can provide our customers with valuable insights and advice to help them optimise their fleet performance. We often manage and process a significant portion of our customers' maintenance

spend, offering both fixed price maintenance and pay-as-you-go services.

Vehicle procurement and funding

Our team shares data-based insights with customers to allow them to strategically specify, select, and source their commercial vehicles. We also provide a range of flexible financing solutions that enable customers to have costeffective access to the vehicles they need. Our strong relationships with funders and OEMs enables us to provide a whole-of-market offering across all manufacturers on favourable terms, and competitive lease rates.

Service, maintenance, and repairs

Our service network is the largest in the UK, with over 3,000 repair agents, all connected digitally through our CVLink proprietary software. The network is further enhanced by our c.140 MSUs helping maximise vehicle uptime through onsite service, reducing fuel, collection and delivery costs, controlling labour rates and the cost of parts, and reducing emissions. The network is supplemented by our workshop in Glasgow which provides direct support and is an authorised repair agent for one of our strategic OEM partners.

Trailer rentals

We offer spot and long-term trailer rentals, enabling our customers to manage seasonal peaks in demand. We own one of the largest and most diverse trailer rental fleets in the UK, with 6,600 trailers and over 80 configurations. We serve the needs of over 200 fleet operators nationwide – including all the top ten businesses in the Motor Transport Top 100 fleets, along with small- and medium-sized hauliers.

Strategic overview

Attractive, growing markets with structural tailwinds

The market is seeing a trend towards partnership-based outsourcing and an increased willingness to pay for quality, reliability, efficiency, and value added. Looking ahead, we are well positioned to take advantage of these tailwinds and grow our end markets (as noted in the <u>market opportunity</u> section on page 15), with ecommerce penetration of retail market at nearly 30% in 2024, up from 19% in 2019.

Since January 2023, we have partnered with Warburtons, who wanted to transition from in-house fleet management to a partly outsourced service solution across their fleet of c. 1,200 assets. To date we have supported over 1,700 calls logging urgent defects and over 37,750 jobs have been logged directly on our portal, including more than

1,850 breakdowns. By utilising our comprehensive MSU network and intuitive digital systems, we have been able to issue swift support to resolving these situations, as well as gathering the data and insights needed to increase the fleet's efficiency, preventing future incidents, and reducing vehicle downtime.

Market-leading proprietary software

Our technology landscape combines market-leading internally developed systems with other third-party solutions, enabling us to connect directly with fleet operators and suppliers. We have developed intuitive user interfaces that enable self-service and efficient back-office processes. We have invested in flexible systems that deliver insight into quality data that is used to proactively manage fleets by facilitating cost management, service performance, and compliance.



Responding to changing customer needs

Mobile Service Unit (MSU) expansion

In response to our customers' need for flexibility and their desire to reduce vehicle downtime, over the past few years, we have expanded our MSU fleet capacity by over 60% with c.140 units providing support to customers roadside and at their depots and premises. By coming directly to the customer and undertaking defect resolution and servicing on site, we reduce the need for collection and delivery, as well as the total number of assets needed for business operations, fleet miles, and the impact on business operations. As a result of our MSU fleet expansion, we closed our three leasehold trailer workshops in England to create a more responsive service. Our Glasgow workshop remains an integral part of our network.

Trailer rentals

The number of trailers on hire has remained stable during FY25. Current economic conditions have caused many customers to make the strategic decision not to acquire and grow their fleets and instead focus on optimising and maintaining existing fleets. Consequently, rental spend has come under pressure and we have responded by rightsizing our rental fleet and focused on yield management and cost control.



Future focus

- Continue to leverage the strong pipeline, especially in the fleet management sector.
- Take advantage of further cross-selling opportunities.
- · Retain focus on pricing and in-life income revenue opportunities.
- Continue the development of technology solutions through our digital roadmap, including relaunching CVLink, to further enhance our offering and effectiveness of the solution.

CEO reflection

Our technology, our people, and our processes are the conduits at the centre of the progress we drive for customers. The relationships we have with our customers are more than just transactional ones; they are genuine strategic partnerships built on a solid foundation of trust.

Businesses are looking to evolve the way they operate their fleets; companies are outsourcing their fleet management to make them more efficient. As an experienced commercial vehicle fleet management solutions provider, we recognise the importance of growing sustainably with our customers and we pride ourselves on optimising fleet potential and availability, helping our customers to reduce emissions wherever possible. We have created an operating model where specialist support is embedded throughout, so that challenges can be addressed efficiently and improvements implemented smoothly.

Some customers are de-fleeting due to the current economic environment and uncertain economic outlook, whilst others have deferred investment, preferring to extend existing leases rather than invest in new equipment, particularly given the unique challenges faced by commercial vehicle fleet operators in transitioning to net zero. As a result of the increased average age of fleets, defect volumes have risen, providing a tailwind for our service, maintenance, and repair (SMR) business. We recognised our customers' preference for increased responsivity and transitioned our SMR model to be more centred around onsite support by expanding our MSU fleet and closing our three English workshops.

We have continued to add value for existing customers and embed new customers, such as Wincanton, a contract we won at the start

of this year. In order to drive efficiency, we continue to focus on cost control, including the rightsizing of our trailer fleet, which we will continue as needed. We have negotiated new contracts with existing customers that reflect how the partnership has evolved and current market conditions, including addressing inflationary increases, resulting in an increased cost for our services. The ability for us to do this demonstrates the value our customers place on our services and we appreciate their continued loyalty and support.

Zenith colleagues continue to work assiduously and enthusiastically, and customer satisfaction remains high. This is highly commendable and I am excited to see how the team will build upon this in the upcoming year.

Martin Jenkins

Martin Jenkins

CEO - Zenith Commercial division



Zenith Automotive Holdings Limited Annual report and accounts 2025

Our people

We recognise that our people are our greatest asset, and that investment in them will benefit the customers and communities we serve.

Stuart Price

Stuart Price Chief People Officer



2.5%

improvement on our engagement score survey

92.3%

of colleagues completed the Zenith Census

32%

of our senior leadership population is female



A word from our CPO

Modern workplaces continue to change. Factors like multi-generational teams, economic and costof-living pressures, increases in National Insurance, above inflation real living wage increases, and Labour's New Deal for Working People all mean that the need for employers to provide flexible and supportive environments, that offer the skills, capabilities, and performance needed to serve our changing customer needs, has never been more important.

Our principle of being designed for growth and efficiency has enabled us to create a culture that is underpinned by continuous improvement. Colleague capability has been enhanced through MyGPS (Zenith's development proposition), which has supported talent progression, engagement, and performance. We recognise that our people are our greatest asset, and that investment in them will benefit the customers and communities we serve.

The enhancements we made to our recruitment process last year, upskilling our hiring managers alongside our improved onboarding process, has resulted in a 10% reduction of colleagues who leave the business within their first year, alongside a 3% reduction in general colleague turnover creating stronger, more stable teams.

We pride ourselves on our commitment to agile working. This agility is underpinned by the guiding principles that our work location must work for our customers, for our teams, and for our people - in that order. Colleagues feel trusted and empowered to make the right choices and Zenith has attracted talent from a wider pool, recruiting colleagues from under-represented groups, a wider geographical area, and at different stages of their careers, alongside increasing our levels of engagement and retention, as evidenced by our highest ever engagement score in our latest anonymous, independent survey.



Additionally, our agile approach enables us to support all colleagues' wellbeing. Our most recent census revealed that while the number of colleagues living with existing or long-term health conditions has increased by 1.2%, we have seen no increase in our colleague absence rate. Our flexible approach, alongside benefits such as our in-house GP, enables colleagues to work successfully while also mitigating the impact absence has on the business.

The culture at Zenith is one of growth, passion, inclusivity, and progress. Externally, this means driving customer outcomes and leveraging our position as a market leader to collaborate with industry bodies and partner organisations to overcome market challenges. Internally, this means challenging ourselves to be better organisationally and personally, listening to our colleagues who are closest to our customers and implementing meaningful change that keeps us ahead of the competition, making us a desirable employer that values people's differences.

Stuart Price

Chief People Officer



Our People Promise

develop their careers.

Our People Promise is now in its fourth year and

defines our approach to designing our business

the first choice in the industry for colleagues to

for success, investing in our colleagues, and being

People Promise progress

Designed for growth and efficiency

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.

FY25 progress

- · Appointed and successfully transitioned leadership of the Group's CEO.
- · Appointed key strategic leadership capability in Treasury, Transformation, Rental, and Commercial teams.

Looking ahead

- · Proactive recruitment campaign for MSU engineer team to support rapidly growing business area.
- · Continue to strengthen capabilities in areas of growing requirement, such as product, transformation, and cyber security.

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.

FY25 progress

- · Launched our performance and development platform, MyGPS.
- · Increased our cohort of colleagues undertaking apprenticeships, with a 10% uplift in the number of women and 166% uplift in over 25s enrolled.

Looking ahead

- Develop support for neurodivergent colleagues by upskilling leaders and auditing our support framework.
- · Launch Inspiring Leaders programme, providing ongoing learning and coaching for our leaders of today and tomorrow.

Thriving culture

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

FY25 progress

- · Relaunched our Mental Health First Aid initiative and increased the number of trained mental health first aiders from 14 to 33.
- · Sourced and appointed a new digital colleague feedback survey provider, WeThrive.

Looking ahead

- Embed Ethnicity Network to support inclusion and provide opportunities for mentorship and career progression.
- Broadening our offering through flexible working in order to attract more women and people over the age of 60.

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.

FY25 progress

- · Introduced new pay and benefits framework to align to market and continued investment in base pay.
- · Changing our bonus scheme to incentivise colleagues, while recognising the impact of the external market.

Looking ahead

- · Review our flexible benefit provision to ensure we capture a wide range of benefits for colleagues.
- · Prepare and implement future legislative changes.

Exceptional colleague experience

From having efficient onboarding processes so new starters are set up 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.

FY25 progress

· Launched our new intranet for colleagues, Spark, providing quicker and easier access to important company updates, tools, and key resources needed for their role.

Looking ahead

- · Explore AI tools which can enhance our recruitment programme.
- · Enhance manager analytics and colleague and manager selfservice capability.



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Our people

The Zenith Census

Our census

Since the launch of our census in April 2022, we have sought to gain a greater understanding of the diversity of our colleagues, so that we can measure the improvements made to our diversity in our quest to reflect the customers and communities we serve.

We have seen an increase in both the amount of data disclosed and colleague engagement, with a completion of 92.3% (22.3% higher than the first census in 2022). There was a YoY improvement in all focus areas, with the biggest increase in representation of the LGBTQIA+ community, which is 4.5% ahead of the UK census.

Gender diversity for 2025

	Men	Women	Total
Holding Board	5	1	6
Leadership Board	6	1	7
Senior managers	49	27	76
All others	830	564	1,394
Total	890	593	1,483

Definitions

The 'Holding Board' refers to the board of the Group's parent company, Zenith Automotive Holdings Limited, and directs the affairs of the Group taking into consideration Zenith's various stakeholders and interests. It provides strategic governance and challenge as appropriate. The 'Leadership Board' are tasked with executing strategy and policy, whilst also dealing with operational matters and direction.

We define 'senior managers' as Directors (non statutory) and heads of departments.

For details on our gender pay gap, please visit: https://www.zenith.co.uk/company-documents/gender-pay-report-2024/

Zenith representation

Focus group	FY23	FY24	FY25	% in UK census
Race, religion and ethnicity	10.7%	12.1%	12.9%	1 8.3%
Gender	40.8%	39%	40.3%	51 %
LGBTQIA+	6.5%	5.7%	7.7%	3.2%
Neurodiversity	N/A**	2.5%	3.2 %	17.8%
Zenability*	N/A**	12%	13.2%	(combined in UK census)

^{*}Zenability is our disability focus group

Behind UK Ahead of UK Progress made YoY Behind plan/aims

Fuelling our team's ambition through the launch of MyGPS



In September 2024, we launched MyGPS, our professional development and learning platform.

MyGPS empowers colleagues to take ownership of their development path, provides clarity on where colleagues currently are in their careers, and what they need to develop in order to be successful in future roles.

Like our Academy e-learning and Cognexo learning materials, all MyGPS resources are available on demand via a web platform, so colleagues can choose which materials will be beneficial for them, and curate a tailored learning experience. Support is available from line managers, the Learning and Development team, and MyGPS Champions - colleague volunteers recognised for their passion for our company culture and their individual development, and have been trained on how to coach others to do the same.

> Number of **MyGPS** Champions



"MyGPS has been so well thought through and it's going to be a game-changer for Zenith; I love the idea of being involved to help as many colleagues as possible to benefit from the platform."

Anna Hobbs, Head of Operational Excellence





^{**}Data not captured at this point.

Our people

A year of inclusion

In FY25, we collaborated with our colleague-led focus groups to host a range of engaging workshops and visitors, facilitate thought-provoking discussions, and organise specialist training to make sure that we provide an exceptional employee experience.





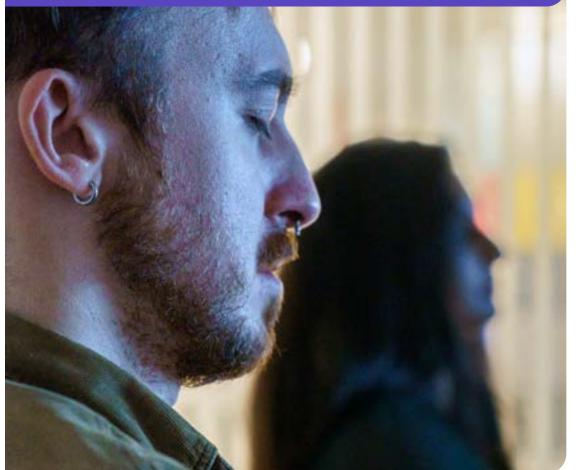
14 November to 20 December 2024

UK Disability History Month











January 2025

Launch of the multifaith room

Leading multi-generational teams







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Technology

In FY25, we continued to invest in transforming our products, services, and systems. We made improvements to enhance user experience and simplify internal processes, such as our salary sacrifice portal (Miles) - which is regarded as an industryleading proprietary technology system. Our actions resulted in reduced cost to serve and increased customer service.

Our technology pillars



Digital and mobile first

Improving engagement via best-in-class customer portals.



Driven by data

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



One asset and contract management system (Miles)

Ongoing technological consolidation and development to constantly enhance customer portals.



Cloud hosting

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

Our transformation journey so far:

Completed to date

2019

ZenAuto launched on Miles platform

PCH for new and used vehicles.

2022/23

All Commercial customers migrated to Miles platform

2024

Definition phase for secondary leasing

Expanding capabilities of our new salary sacrifice platform.

2024

Addition of Business Contract Hire

Fully digital end-to-end product for SMEs via ZenAuto. 2024

Transition to cloudbased systems

Consolidated our system architecture and completed our move to cloud hosting, facilitating scale and security.

2024/25

Customer migration

94% salary sacrifice customers onboarded on to Miles - read more on page 26.

2024/25

Relaunched CVConnect

Our proprietary Commercial fleet management customer platform.

In progress

2024/25

Definition phase for company car on Miles platform

Establishing the requirements for migrating car and van fleets.

2025

Relaunch CVLink

Central hub for managing Commercial maintenance spend.

2025

Launch of secondary leasing

Used EVs available via salary sacrifice on the Miles platform.

2025

Definition and delivery of operational contact management

Digitising our workflow technology.

Future focus

New company car portal roll-out

Customer onboarding.

Data transformation

Advancing self-serve functionality, enriching data analysis and improving client reporting.

Definition and delivery of new finance system

Creating an efficient and scalable accounting system.

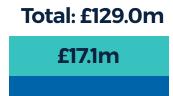
New technology resources

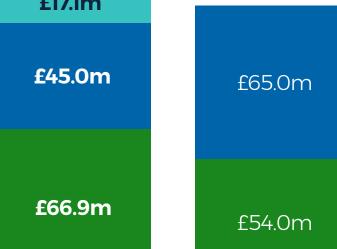
Evaluating how the application of AI, machine learning, and advanced technologies could optimise business performance.

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

Our Group financing and fleet funding comprises the investment of our institutional equity investor, Bridgepoint, through the Bridgepoint Europe V Fund (along with our management and employee shareholders), our £475 million Green Bond, and our range of wholesale 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.

Liquidity¹





31 March 2025

31 March 2024

Total: £119.0m

- Undrawn amounts in respect of the EFP securitisation facility
- Undrawn rapid credit facility (RCF)
- Freely available cash

£475 million 6.5% 2027 Green **Senior Secured Fixed Rate Notes** ('Green Bond')

Our Green Bond was the UK vehicle leasing sector's largest Green Bond at the time of issue. The bond supports the delivery of our sustainability strategy³ 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. We achieved this target in Q1 FY24⁴, six months early.

Our five-year bond has a maturity date of June 2027 and a 6.5% coupon which is paid semiannually in June and December. The bond is listed on The International Stock Exchange and rated by Moody's and S&P. At the start of the financial year, the ratings were B1/B+ Stable respectively, however, during the year, the ratings were downgraded,

principally due to the decline in used BEV car resale values which negatively affected the Group's RV profits and overall financial performance. At the end of the financial year, Moody's Corporate Family Rating stood at B3, and the Senior Secured debt rating at Caal with a Negative outlook. The S&P rating stood at CCC+ with a Stable outlook.

£65 million **Revolving Credit Facility**

Our Revolving Credit Facility remained undrawn for the majority of FY25. In February 2025, £20 million was drawn in order to assist with funding the additional cash collateral requirement for the EFP securitisation facility (see below for further details), and this amount remained drawn through the year end. The facility has a maturity date of April 2027 and carries a financial covenant that is only tested when the facilities are substantially drawn - in the event of failing a covenant test, the impact is limited to stopping further drawings on that same facility.

Liquidity

Liquidity is a key financial KPI and comprises: i) freely available cash (which excludes cash held within our securitisation structures) and was £66.9 million as at 31 March 2025; ii) undrawn amounts on our RCF, which amounted to £45.0 million as at 31 March 2025: and iii) £17.1 million relating to undrawn amounts in respect of assets within the EFP securitisation facility that are encumbered but drawings have not been utilised in full (31 March 2024: nil). This resulted in total liquidity of £129.0 million as at 31 March 2025 (31 March 2024: £119.0 million).

Liquidity¹

£129.0m

Vehicle funding facilities

£1.5bn

Headroom on vehicle funding facilities

£285m

Moody's/S&P rating²

B3/CCC+



^{1.} Liquidity is comprised of freely available cash plus available headroom under the £65 million Revolving Credit Facility plus undrawn amounts relating to assets within the EFP securitisation facility that are encumbered but drawings have not been utilised.

^{2.} Moody's ratings comprise a Corporate Family Rating of B3 and a Senior Secured debt rating of Caa1, with Negative outlook. S&P rating of CCC+ Stable outlook.

^{3.} Further details on our sustainability framework can be found from page 18.

^{4.} Further details can be found in the Group's Annual Report FY24 and Sustainalytics review of our green financing framework in FY24.

glance

Fleet funding

Fleet leasing is capital intensive and requires continuous access to a range of funding sources at competitive 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 seek to fund most of our requirements through our securitisation facilities and the remainder with wholesale asset finance arrangements, such as secured back-toback or hire purchase contracts, RV financing, and agency funding.

The undrawn capacity and depth of maturity of our committed securitisation facilities enables us to grow the size of our funded fleet, and is augmented by our range of wholesale funding options. We also maintain a pipeline of new funders, to ensure depth and diversification exists within our funding facilities to deliver the growth and flexibility in the funded fleet and our strategic initiatives.

There was no material change in the nature of our RV, back-to-back, and agency facilities during the year ended 31 March 2025, however, during the year we upsized and extended our EFP securitisation facility (see later for further details).

Funding facilities	As at 31 March 2025		
	Facility size	Drawings	Headroom
Funding type	£m	£m	£m
EFP securitisation facility	1,000	832	168
FFL securitisation facility	75	55	20
Total securitisation facilities	1,075	887	188
Bilateral RV	124	99	25
Back-to-back	142	83	59
Agency RV ⁽¹⁾	163	150	14
Total vehicle financing facilities	1,504	1,218	285

Our securitisation facilities

Our securitisation facilities account for around three quarters of our vehicle funding, and have been in place for over 14 years, having established our first securitisation facility in 2011.

Our two securitisation facilities comprise:

- i. 'EFP', our non-bifurcated facility with a £1.000 million commitment, into which we sell lease receivables and our commitment to pay the residual value (which is set at the start of the lease contract) into the structure at the end of the lease contract under a sales agency agreement. This provides funding for both lease rentals and the RVs of vehicles.
- ii. 'FFL', our bifurcated facility, with a £75 million commitment, where we sell only the lease receivables into the structure, with the RVs being funded by separate bilateral facilities.

The 'Credit enhancement' within the facility comprises: i) the mandatory risk retention amount under the securitisation regulation, equating to 5% of the purchase base and ii) any additional cash collateral requirements under the terms of the facilities. The advance rates - the amount that the funders will advance against the purchase base - are stepped, according to: i) (for both EFP and FFL) - the default rate on lease receivables; and ii) (for EFP only) - the RV Realisation Proceeds Ratio test on the sale of the vehicles at the end of the lease contract. This RV Realisation Proceeds Ratio test is measured by aggregating the sale proceeds of the vehicles sold and other end of contract receipts (including end of contract damage and excess mileage charges), and this is compared to the RVs that were set at the start of the contracts. This ratio is averaged over a threemonth period, with steps in the advance rates according to the result.

The advance rates apply to the whole drawings under the facility, so that should either of these two criteria result in a reduced advance rate, this would be applied to the total drawn amounts. The facilities are not subject to residual value markto-market testing or adjustments.

Subsequent to the RV reset as part of the February 2025 amendments to the EFP securitisation facility (discussed later), there has been some weakness in the RV Realisation Ratio. Consequently, realised resale proceeds on a portion of our leased fleet, particularly on BEV vehicles, could be lower than residual values in the future. Under the terms of our EFP securitisation facility, this trend could result, over time, in a reduction in the RV Realisation Proceeds Ratio and contraction of advance rates with a corresponding increase in our funding requirements. Should this occur, advance rates would only step back up once the relationship between resale proceeds and booked residual values normalises.

The revolving period of the EFP securitisation facility extends to November 2026, having been extended in February 2025, and the revolving period of the FFL securitisation facility extends to November 2025.

If the revolving period end date were not extended further, the balance would start to amortise beyond this date.

Balances at March 2025

On 31 March 2025, we had a total drawn balance in our securitisation facilities of £886.8 million across EFP (£832.1 million) and FFL (£54.8 million), (31 March 2024: £884.2 million; EFP: £811.2 million and FFL: £73.0 million). These drawings compare to an aggregate commitment of our securitisation facilities at 31 March 2025 of £1,075.0 million;





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£1,000 million in respect of EFP and £75 million in respect of FFL.

We had also drawn £99.0 million (31 March 2024: £125.9 million) on our bifurcated RV facilities, where the lease receivables are funded by the bifurcated securitisation. A further uncommitted amount of £24.7 million was available within this facility.

In July 2024, the three-month aggregate RV Realisation Proceeds Ratio test dipped below the first step of 105%, resulting in the RV advance rate reducing and a corresponding cash outflow to the EFP facility of £8.7 million. By February 2025, the RV Realisation Proceeds Ratio test had declined further, taking the total cash collateralisation requirement to £33.6 million, before the facility was amended, which released this collateralisation requirement (see later).

Upsize and extension of our EFP securitisation facility

July 2024 - EFP upsize

In July 2024, we increased the size of our EFP committed securitisation facility by £150 million; from £850 million to £1,000 million with our existing lenders. 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 – reflecting the lower utilisation level of the facility and lower anticipated usage going forward.

Additionally, as part of the increase, we agreed to gradually contribute additional collateral into the EFP facility, termed the 'Collateral Ladder', such that the collateral requirement would be the greater of the RV Realisation Proceeds Ratio test described above, and the Collateral Ladder.

February 2025 - EFP extension and amendments

In February 2025, we completed the extension of the revolving period end date of the EFP facility by one year, from November 2025 to November 2026. As part of this extension, a number of other amendments were made:

- A 'BEV perimeter' was created for the BEV RV positions that were anticipated to be lossmaking, and the RVs within this perimeter were rebased and haircut to 90% of the revised market value.
- At settlement in March 2025, cash of £50 million was injected into the EFP facility as a zerocoupon junior mezzanine note by Bridgepoint to fund the collateral position. This represents a new mezzanine note; there was no change to the quantum of the existing mezzanine funding.

The junior mezzanine note has a face value of £50 million and is recorded in the balance sheet as a liability within 'Obligations under securitised contracts'. It is recorded at the discounted amount of £42.8 million as at the date of transaction (March 2025), to recognise the zero percent coupon attached. The difference of £7.2 million between the face value and the discounted amount has been recorded in equity as a capital contribution. The amount recorded in the balance sheet is amortised each month through the profit and loss statement within 'finance costs on other items', with £0.4 million being amortised for the period to 31 March 2025 The liability recorded within 'obligations under securitised contracts' has been split such that £16.2 million, representing the discounted amounts that are expected to be repaid to Bridgepoint within one year, is recorded within 'Creditors: amounts falling due within one year' and the remainder, comprising £27.0 million at the year end, recorded within 'Creditors: amounts falling due after one year'.

- The opening margin on the senior and senior mezzanine debt remained unchanged.
- · The Collateral Ladder was removed.

These changes resulted in the restoration of the headroom in the RV Realisation Proceeds Ratio test and consequently the reset of the RV advance rates back to their maximum levels. As such, the cash collateral noted earlier became eligible for release back to the Group. In March 2025, prior to the year end, and as a result of the reset of advance rates, £34.4 million was available for drawdown. The senior notes were drawn in full, and the remaining £17.1 million remains available for drawdown (subject to the results of the RV Realisation Proceeds Ratio test) as described earlier and as such is included in our liquidity measure.

Other wholesale funding sources

Our other wholesale funding sources, which are all uncommitted, account for around a quarter of our funding, and comprise hire purchase 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

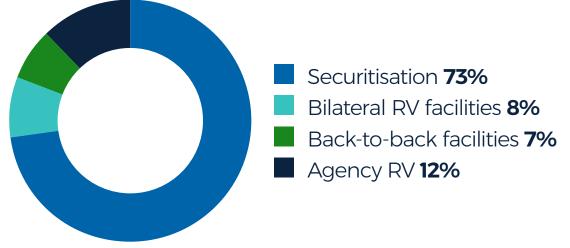
Back-to-back hire purchase funding is an arrangement whereby we buy a vehicle through a hire purchase contract funded by a financier and lease it on contract hire to customers on corresponding terms. As of 31 March 2025, we had drawn £82.7 million of funding pursuant to back-to-back hire purchase agreements with financiers (31 March 2024: £98.1 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 to fund surplus customer concentrations from the securitisation facilities or if the contract does not fit within our risk appetite. This funding is arranged on a customer-by-customer basis, and therefore the headroom available is specific to that customer.

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 (which is subject to impairment). At 31 March 2025, the outstanding balance of vehicles subject to repurchase arrangements, within creditors, through agency arrangements was £149.8 million (31 March 2024: £130.6 million).

Asset funding sources (by drawings)



to-back hire purchase agreements with financiers repaid to orded within Agency RV 1

Finance, governance, and risk



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Residual value risk management	5
Task Force for Climate-Related Financial Disclosures (TCFD)	60





CFO's statement

Our underlying business continued to grow in FY25, but our overall financial performance was affected by the continued challenges with used vehicle prices. Despite this, our liquidity remained strong and we continued to position the business for growth.

Mark Phillips



Highlights¹

Revenue growth²

+5.9% yoy £28.5m

FY25: £836.9m

Adjusted EBITDA excluding RV profits

FY24: £27.8m

Statutory gross profit

FY24: £138.5m

Statutory operating loss

£106.8m £(39.0)m

FY24: £(47.8)m

Adjusted EBITDA

£42.2m

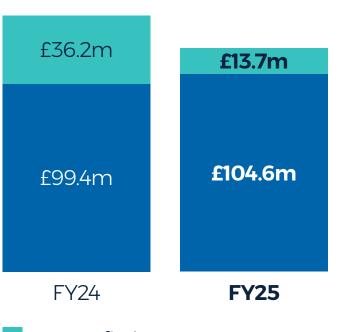
FY24: £63.9m

Cash conversion

 $112.3\%^3$

FY24: 111.1%

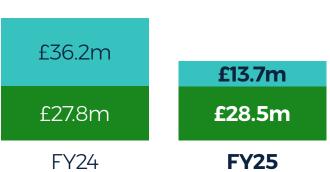
Adjusted gross profit



RV profits⁴

Adjusted gross profit excluding RV profits

Adjusted EBITDA



RV profits⁴

Adjusted EBITDA excluding RV profits

Continuing operations

In June 2024, within the Commercial division, and as previously announced, we closed our three workshops in England, and have classified the profit and loss results relating to these workshops as discontinued for the results for the year to 31 March 2025 and the year to 31 March 2024. There was no impact to the fleet numbers. The profit and loss analysis and commentary below represent the continuing operations, excluding the results of the workshops that were closed, and including the results of the Glasgow workshop, which we have retained.







^{1.} Continuing operations only.

^{2.} FY24 revenue figure has been restated from £783,890k to £790,150k. See note 27 for details.

^{3.} The cash conversion figure has been adjusted to take account of the net £19.4 million inflow from the issuance of the EFP securitisation facility's junior mezzanine note to Bridgepoint. If this was not adjusted, the cash conversion figure would be 160.8%.

^{4.} Includes customer profit share and disposal costs.

CFO's statement

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) as a KPI because it reflects the underlying performance of our business.

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Financial KPIs		Restated
	For the	for the
	year ended	year ended
	31 March 2025	31 March 2024
	£'000	£'000
Revenue ⁽¹⁾	836,864	790,150
Gross profit ⁽²⁾	106,814	138,475
Adjusted gross profit	118,272	135,568
Operating loss	(38,968)	(47,772)
Adjusted EBITDA ⁽²⁾	42,172	63,938
Adjusted EBITDA excluding RV profits	28,489	27,753
Adjusted operating cash flow ⁽³⁾	45,008	68,963
Cash conversion %(3)(4)	112.3%	111.1%

Financial KPI notes

- (1) Revenue and cost of sales for the year ended 31 March 2024 have increased by £6.3 million compared to the figures previously reported. This correction removes gross-ups of revenue and cost of sales that were previously reported, reallocates amounts between the revenue and cost of sales to more accurately reflect the substance of the transaction, and corrects the depreciation and deferred income recognition from upfront payments on vehicle leasing contracts. There is no impact to gross profit in the division or the Group.
- (2) Gross profit and adjusted EBITDA are shown on a like-for-like basis across the periods: that is, before the impact of the change in accounting estimates of residual values of our funded fleet, which is explained further below, and before exceptional items.
- (3) Adjusted operating cash flow and cash conversion has been adjusted to take account of the net inflow from the issuance of the EFP securitisation facility's junior mezzanine note to Bridgepoint. If this was not adjusted, the cash conversion figure for FY25 would be 160.8%. See Glossary for further details
- (4) Cash conversion and adjusted operating cash flow are based on total operations adjusted EBITDA; including both continuing and discontinued operations.

Fleet size and growth

Within the funded fleet, growth in the Corporate division of 5.8%, was offset by declines in the ZenAuto fleet (as a result of a decision to remain risk-off investing in stock) and also a decline in the Commercial division's fleet, partially due to the division's trailer rationalisation project.

The managed fleets in the Commercial and Consumer division were up year-on-year, but this was offset by a decline in the Corporate managed fleet, partially as a result of our conscious decision to focus on full-cycle contracts, including funding of the vehicle, and away from managed-only contracts in the Corporate division.

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	As of 31 March 2025	As of 31 March 2024	% change
Corporate funded fleet	54,175	51,212	5.8%
Consumer funded fleet	6,097	9,238	(34.0)%
Commercial funded fleet	15,242	16,946	(10.1)%
Total funded fleet	75,514	77,396	(2.4)%
Corporate managed fleet	3,338	5,583	(40.2)%
Consumer managed fleet	52,329	52,151	0.3%
Commercial managed fleet	35,199	34,780	1.2%
Total managed fleet	90,866	92,514	(1.8)%
Total fleet	166,380	169,910	(2.1)%

Statutory results

The table below sets out a summary of our income statement for continuing operations for the periods presented. Reconciliations between the statutory figures and the adjusted alternative performance measures (APMs) are provided in each section below and in the Glossary.

Statutory results		Restated*
	For the	for the
	year ended	year ended
	31 March 2025	31 March 2024
	£'000	£'000
Revenue	836,864	790,150
Cost of sales	(730,049)	(651,674)
Gross profit	106,815	138,476

^{*}Prior year figures have been restated. See <u>note 27</u> for details.



Results of operations

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

		Restated
	For the year ended 31 March 2025 £'000	For the year ended 31 March 2024 £'000
Revenue ⁽¹⁾	836,864	790,150
Adjusted cost of sales(1)(2)	(718,592)	(654,581)
Adjusted gross profit	118,272	135,569
Adjusted operating expenses	(76,101)	(71,631)
Adjusted EBITDA	42,171	63,938
Depreciation of owned tangible fixed assets ⁽³⁾	(4,482)	(3,827)
Amortisation of goodwill	(24,362)	(24,362)
Amortisation of intangible assets ⁽³⁾	(34,031)	(33,054)
Operating exceptional items ⁽⁴⁾	(10,923)	(2,022)
Movement in vehicle impairment provision ⁽⁵⁾	10,413	(51,352)
Impairment of intangible assets ⁽⁶⁾	(6,297)	_
Change to accounting estimates of RVs of fleet fixed assets	(11,457)	2,907
Operating loss	(38,968)	(47,772)
Finance costs (on other items) ⁽⁷⁾	(40,239)	(38,452)
Loss before shareholder instruments and taxation	(79,207)	(86,224)
Finance costs (on shareholder instruments)(8)	(92,712)	(84,573)
Loss before taxation	(171,919)	(170,797)
Tax credit	10,042	16,537
Loss for the financial period attributable to the shareholders of the Group	(161,877)	(154,260)

A comprehensive set of statutory and alternative performance measures are described in the Glossary from page 138 of this report.

- (1) Revenue and cost of sales for the year ended 31 March 2024 have increased by £6.3 million compared to the figures previously reported. This correction removes grossups of revenue and cost of sales that were previously reported, reallocates amounts between the revenue and cost of sales to more accurately reflect the substance of the transaction, and corrects the depreciation and deferred income recognition from upfront payments on vehicle leasing contracts. There is no impact to gross profit in the division or the Group.
- (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. Adjusted gross profit is on a like-for-like basis across the periods: that is, before the impact of the change in accounting estimates of residual values of our fleet fixed assets, which is explained further below, and before exceptional items.
- (3) In the year ended 31 March 2024 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 £1.2 million during the year ended 31 March 2024 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 2025 relate to transformation, project and restructuring costs. The exceptional costs in the period to 31 March 2024 relate to two items: 1) the residual write-down of new vehicle stocks purchased for the ZenAuto and salary sacrifice selling channels, and 2) transformation, project, and restructuring costs.
- (5) Impairment of £8.3 million was recognised in the year to 31 March 2025 (March 2024: £51.4 million), in respect of the sustained drop in used car prices. When vehicles with an impairment against their carrying value are sold, the impairment held against them is written back through this financial statement line, with the write back in the year to 31 March 2025 being £18.7 million.
- (6) Impairment of capitalised computer software intangibles within the ZenAuto business. See note 2 for further details.
- (7) Finance costs (on other items) include charges under the current £475 million senior secured notes and £65 million revolving credit facilities and costs incurred in operating the day-to-day banking of the business.
- (8) 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. The other cost in this line is historic payments made to set up finance facilities which are amortised over the life of the facilities, and the Bridgepoint monitoring fee described in note 24.

CFO's statement

Divisional performance summary

The tables below present a summary of revenue and gross profit for continuing operations of each division.

		Restated
	For the	For the
	year ended	year ended
Corporate	31 March 2025	31 March 2024
	£'000	£'000
Revenue ⁽¹⁾	564,745	522,554
Statutory gross profit(2)	57,141	87,764
Adjusted gross profit exc RV profits	60,303	57,433
RV profits ⁽³⁾	7,995	27,552
Adjusted gross profit	68,299	84,986
Fleet (units)	57,513	56,795

Consumer	For the year ended 31 March 2025 £'000	For the year ended 31 March 2024 £'000
Revenue ⁽¹⁾	88,267	91,842
Statutory gross profit ⁽²⁾	16,330	19,048
Adjusted gross profit exc RV profits	14,473	13,706
RV profits ⁽³⁾	2,156	5,213
Adjusted gross profit	16,629	18,920
Fleet (units)	58,426	61,389

Commercial	For the year ended 31 March 2025 £'000	For the year ended 31 March 2024 £'000
Revenue ⁽¹⁾⁽⁴⁾	183,852	175,754
Statutory gross profit	33,344	31,663
Adjusted gross profit exc RV profits	29,812	28,244
RV profits ⁽³⁾	3,532	3,419
Adjusted gross profit	33,344	31,663
Fleet (units)	50,441	51,726

Comparison of results of operations for the years ended 31 March 2025 and 2024

Revenue

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Group consolidated

Revenue increased by £46.7 million, or 5.9%, to £836.9 million for the year ended 31 March 2025, from £790.2 million for the year ended 31 March 2024. The increase was a result of higher lease revenue, which grew principally in the Corporate division, driven by a higher funded fleet and higher monthly lease rentals as a result of higher interest rates and higher cost of vehicles. The Corporate funded fleet accounts for 71.7% of the total funded fleet, with growth driven by the Corporate sponsored schemes which comprise salary sacrifice, up 10.4% year-on-year, and company car, up 3.8% year-on-year. Fleet management fees within the Commercial division were also higher principally due to the full year impact of new customer wins in FY24.

This growth was partially offset by a decrease in revenue from short-term rentals within the Corporate division and lower vehicle sales proceeds across the Group, which were down 1% year-on-year as a result of lower termination volumes, which decreased 3.5% to 15,749 vehicles. The lower volumes were partially offset by an increased share of BEV vehicles which carry higher average selling prices.

Corporate

Revenue in the Corporate division increased by £42.2 million, or 8.1%, to £564.7 million for the year ended 31 March 2025, from £522.6 million for the year ended 31 March 2024.

The Corporate division's total fleet grew by 1.3% year-on-year, or 718 vehicles to 57,513 vehicles, principally due to growth in the funded fleet, which accounted for 94.2% of the total Corporate fleet, and grew by 5.8% year-on-year.

The increase in revenue was primarily due to an increase in lease revenue from a higher funded fleet size and higher monthly lease rentals as a result of higher interest rates and the higher cost of vehicles. Funded fleet growth was driven by a yearon-year increase of 3.8% in the company car fleet, which accounts for 68.1% of the total funded fleet, and an increase in the salary sacrifice fleet, which accounts for the remainder, and grew 10.4% yearon-year, reflective of customer wins throughout the year. Lease contract extensions through Project Volt resulted in lower vehicle sales and deliveries year-on-year.

Growth in lease revenue was partially offset by lower vehicle sales proceeds, which were down 4.9% year-on-year, driven by lower termination volumes, which were down 11.0%. There were a higher portion of BEV terminations in FY25, with higher average selling prices than ICE vehicles, which partially offset the decrease in vehicle sale volumes. Short-term daily rental revenue also declined by 9.5% year-on-year, due to increased availability of new vehicles, reducing demand for interim rentals.

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⁽¹⁾ Revenue and cost of sales for the year ended 31 March 2024 have increased by £6.3 million compared to the figures previously reported. This correction removes gross-ups of revenue and cost of sales that were previously reported, reallocates amounts between the revenue and cost of sales to more accurately reflect the substance of the transaction, and corrects the depreciation and deferred income recognition from upfront payments on vehicle leasing contracts. There is no impact to gross profit in the division or the Group. This increases the Corporate division's revenue by £2.2 million, the Consumer division's revenue by £6.4 million and reduced the Commercial division's revenue by £2.1 million.

⁽²⁾ The statutory gross profit figures for the Corporate and Consumer divisions for the year ended 31 March 2024 have been adjusted compared to the figures previously reported as the previous figures incorrectly allocated profit and loss from the sale of vehicles between the divisions. This increased the Consumer division's statutory gross profit by £16.7 million and decreased the Corporate division's statutory gross profit by the same amount. There is no impact to the Group's profitability.

⁽³⁾ RV profits include profit share and disposals costs. See RV profits section later for further details.

Consumer

Revenue in our Consumer division was down 3.9% or £3.6 million to £88.3 million for the year ended 31 March 2025, compared to £91.8 million for the year ended 31 March 2024.

The Consumer division fleet declined by 4.8% or 2,963 vehicles to 58,426 vehicles, with declines mostly in our ZenAuto – or funded – fleet, which declined by 34.0%, or 3,141 vehicles. The White Label Solutions business, which represents the managed fleet and comprises 89.6% of the total Consumer division fleet, increased 0.3% year-on-year, or 178 vehicles, to 52,329 vehicles.

The decline in revenue was primarily due to lower lease revenue from a lower funded fleet size, which more than offset a rise in in-life income and proceeds from the sale of vehicles in the funded fleet, which was up 8% year-on-year on higher vehicle sale volumes.

Commercial

Revenue increased by £8.1 million, or 4.6%, to £183.9 million for the year ended 31 March 2025, from £175.8 million for the year ended 31 March 2024.

The fleet size within the Commercial division decreased by 2.5% or 1,285 vehicles to 50,441 vehicles, principally due to a decline in the funded fleet size from: i) some de-fleeting by our customers; and ii) the completion of our trailer defleeting programme, with a total of 648 trailers being de-fleeted in the year. This decrease was slightly offset by growth of 1.2% in our managed fleet, which comprises 69.8% of the total Commercial fleet.

Revenue in the Commercial division was higher primarily due to the full year impact of customer wins combined with an increase in the managed fleet size, along with higher proceeds from the sale of vehicles. These rose 32% year-on-year on higher vehicle sales volumes, which were up 53.7% year-on-year, representing the mix effect of higher value vehicles being sold in the prior year.

Cost of sales

Cost of sales rose by £78.4 million, or 12.0%, to £730.0 million, from £651.7 million.

£10.4 million of this increase was from the accelerated depreciation on vehicles as a result of the change to accounting estimates of RVs of fleet fixed assets. This amount is described further later.

Adjusted cost of sales increased by £64.0 million, or 9.8%, to £718.6 million for the year ended 31 March 2025, from £654.6 million for the year ended 31 March 2024.

Adjusted cost of sales increased principally due to higher lease costs driven by increased interest rates year-on-year (also reflected in the growth in revenue) combined with a rise in the average value of vehicles funded. The cost of the vehicles sold also rose, driven by an increase in the share of BEVs within the number of vehicles sold, which carry a higher average book value, principally in the Corporate and Consumer divisions. This offset an overall decrease in termination volumes of 3.5% year-on-year and resulted in the cost of vehicles sold rising 11.0%.

Cost of sales		Restated*
	For the	For the
	year ended	year ended
	31 March 2025	31 March 2024
Continuing operations	£'000	£'000
Cost of sales – statutory	(730,049)	(651,674)
Add back/(deduct) change to accounting estimates of RVs of fleet fixed assets	11,457	(2,907)
Adjusted cost of sales	(718,592)	(654,581)

^{*}Prior year figures have been restated. See <u>note 27</u> for details.

Adjusted cost of sales represented 85.9% of revenue for the year ended 31 March 2025, compared to 82.8% of revenue for the year ended 31 March 2024. The increase in cost of sales as a proportion of revenue was primarily due to a higher cost of vehicles sold relative to the sales proceeds.

We include in cost of sales the costs we incur in respect of funding our vehicles, such as interest payable on the funding of long-term leases of these assets, and depreciation of these leases.

Interest cost of funding vehicles was £83.7 million for the year to 31 March 2025, compared to £75.6 million¹ for the year to 31 March 2024. The cost increased year-on-year due to the 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 £195.2 million of depreciation of fleet fixed assets (£173.7 million for the year ended 31 March 2024). These figures do not include the change to accounting estimates of RVs of fleet fixed assets; including these items depreciation was £206.6 million for the year to 31 March 2025, and £170.7 million for the year ended 31 March 2024. Cost of sales also includes expenses associated with our in-life and fleet management services, and the net book value of the vehicles disposed.

^{1.} Interest cost of funding vehicles for FY24 was restated from £52.7 million to £76.2 million in the Q3 FY25 results, and are restated here to £75.6 million.

Gross profit Continuing operations	For the year ended 31 March 2025 £'000	For the year ended 31 March 2024 £'000
Gross profit - statutory Add back/(deduct) change to accounting estimates of RVs of fleet fixed assets	106,814 11,457	138,475 (2,907)
Adjusted gross profit	118,272	135,568

Gross profit

Gross profit decreased by £31.7 million, or 22.9%, to £106.8 million, from £138.5 million.

£10.4 million of this increase was from the accelerated depreciation on vehicles as a result of the change to accounting estimates of RVs of fleet fixed assets. This amount is described further later.

Group adjusted gross profit decreased by £17.3 million, or 12.8%, to £118.3 million for the year ended 31 March 2025, from £135.6 million for the year ended 31 March 2024.

Adjusted gross profit, or income, was down year-on-year principally due to the impact of the decline in RV profits, which were 62.2% lower at £13.7 million, with declines in profit across the Corporate and Consumer divisions from overall lower vehicle sales volumes and weakness in the average price of vehicles sold, particularly BEVs, which represented 28.1% of terminations for the year (FY24: 17.1)%.

Adjusted gross profit excluding RVs

Excluding RV profits, adjusted gross profit was higher, principally due to higher lease margin in the Corporate division, higher in-life income across all three divisions, higher fleet management fees associated with the full-year impact of customer wins in our Commercial division and higher service, maintenance, and repair income, principally in the Corporate division.

Corporate

Adjusted gross profit excluding RV profits in the Corporate division increased by £2.9 million, or 5.0%, to £60.3 million for the year ended 31 March 2025, from £57.4 million for the year ended 31 March 2024.

The key driver of the increase in gross profit was an increase in lease margin, driven by the increased funded fleet as well as negative or low margin cohorts that were seen in the period of 2022 and

2023, where our order lead times were extended and interest rates rising, now beginning to flush out of the fleet, replaced by higher margin leases. In-life and service, maintenance, and repair income also rose due to higher rebates and improvements in the efficiency of our accident management process.

This growth was partially offset by a decline in short-term daily rental income of 1.8% year-on-year, on lower volumes.

Consumer

Adjusted gross profit excluding RV profits in the Consumer division increased by £0.8 million, or 5.6% to £14.5 million for the year ended 31 March 2025, from £13.7 million for the year ended 31 March 2024.

This was predominantly due to higher in-life and service, maintenance, and repair income being offset by lower lease margin and lower White Label Solutions fees on a lower average fleet size across the year.

Commercial

Adjusted gross profit excluding RV profits in the Commercial division increased by £1.6 million, or 5.6%, to £29.8 million for the year ended 31 March 2025, from £28.2 million for the year ended 31 March 2024.

This increase was primarily due to higher in-life and fleet management income due to the increase in managed fleet volumes and the fullyear impact of contracts won in FY24, combined with the benefits of operational initiatives, resulting in higher growth in profit than in revenue.
Underlying service, maintenance, and repair income also increased, driven by cost savings through the closing of our three English workshops, and the shift in delivery of maintenance to our MSUs and service network. Trailer rental income was up year-on-year and benefitted from the completion of the rightsizing of the trailer fleet, delivering further efficiencies.





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CFO's statement

RV profits

The below table outlines the terminations by fuel type for the Corporate and Consumer funded fleet in FY25, showing the impact of the changing drivetrain mix of returning vehicles on termination profits.

RV profits by division

Corporate and Consumer RV profits

Total RV profits, for the Corporate and Consumer divisions only, decreased £28.5 million, or 68.3%, to £13.2 million for the 12 months to 31 March 2025 from £41.7 million in the 12 months to 31 March 2024.

The number of terminations decreased 6.2% yearon-year, driven by a decrease in ICE terminations of 18.5% year-on-year. BEV terminations rose 53.8% year-on-year, driving the proportion of BEVs within total terminations up to 28.1% for the year, up

11.Oppts year-on-year, with this adverse mix effect driving lower total profits as BEV losses widened more than ICE.

Lower used car prices, particularly for BEVs, but also for ICE vehicles, coupled with higher average cost of vehicles being sold, has resulted in a lower average profit per vehicle of £906 for FY25. In the three months to 31 March 2025, the average profit per vehicle declined to £199, and BEV vehicles were increasingly loss-making in the year, with total residual value losses of £14.9 million, and an increased average loss per vehicle of £3,650. These losses were more than offset by residual value profits on the sale of ICE vehicles, which were £28.2 million.

Total RV profit/(loss) For the For the year ended year ended 31 March 2024 31 March 2025 YoY £m £m £m (25.1)Corporate⁽¹⁾ 10.3 35.4 Consumer⁽¹⁾ 2.9 6.3 (3.4)13.2 41.7 (28.5)Subtotal (0.2)3.2 3.4 Commercial⁽¹⁾ 45.1 (28.7)16.4 Group (2.7)(8.9)6.2 Customer profit share and disposal costs (22.5)13.7 36.2 Total

(1) Figures are shown before customer profit share and disposal costs which are adjusted in aggregate below.

The below table outlines the terminations by fuel type for the Corporate and Consumer funded fleet for FY25.

Number of terminations	For the year ended 31 March 2025	For the year ended 31 March 2024	YoY %
BEV	4,095	2,662	53.8%
ICE	10,499	12,890	(18.5%)
Total	14,594	15,552	(6.2%)
% of terminations that are BEV	28.1%	17.1%	11.0 ppts

Average profit/(loss)	For the year ended 31 March 2025 £ per vehicle	For the year ended 31 March 2024 £ per vehicle	YoY £
BEV ICE	(3,650) 2,683	(2,158) 3,679	(1,492)
Total	906	2,681	(1,775)

Total RV profit/(loss)	For the year ended 31 March 2025 £m	For the year ended 31 March 2024 £m	YoY £m
BEV	(15.0)	(5.7)	(9.2)
ICE	28.2	47.4	(19.3)
Total RV profit	13.2	41.7	(28.5)

Zenith Automotive Holdings Limited

RV profits by fuel type¹

^{1.} ICE includes plug-in hybrid electric vehicles (PHEVs) and hybrids. Figures shown exclude customer profit share and disposal costs but include end of contract income (excess mileage, damage, and early termination charges) across all contract types.

Changes in vehicle net book value due to a change in accounting estimates

RV reassessment

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 changes in market prices.

We have twice recently made a re-assessment of RVs on our funded fleet, to the extent those assets are accounted for as fixed assets, as a change in accounting estimate due to a significant and sustained change in vehicle prices. The re-assessments were made as at 1 April 2022 due to a sustained increase in used vehicle prices and as at 1 April 2024 due to a sustained decline in used vehicle prices, especially BEVs. The cohorts of vehicles that have their RVs re-assessed are then tracked on a quarterly basis with an impact on our profit and loss account for the subsequent quarters.

The reassessment of residual values made at 1 April 2022 caused a reduction in depreciation, totalling £33.7 million as at 31 March 2024.

A further reassessment of residual values was made in 1 April 2024, which caused an acceleration in depreciation. This acceleration of depreciation is expected to offset the original reduction in depreciation in the future.

In the year to March 2025, we reduced depreciation on vehicle assets we continued to hold by £13.7 million and reversed adjustments on sold vehicles that had previously reduced depreciation to the amount of £25.2 million. This resulted in a total of £11.5 million additional depreciation recognised in the profit and loss during the year.

This has had no impact on our cash flow, tax position or the borrowing base under any of our vehicle funding facilities. We present this change in isolation and draw the reader's attention to the change, because it is a material adjustment to our reported performance and position. We believe that EBITDA, as adjusted to exclude this change in accounting estimates, is a more representative and appropriate measure of our operating results, profitability, and ability to service debt. It also has no impact on the commercial decisions or positions that we take on pricing RVs or writing new business. We will continue to report the same revenue and profit KPIs in our own internal Board reporting, and to our investors, which we believe are more closely aligned to underlying earnings and cash flows.

Impairment assessment

Impairment on vehicle assets

If there is an impairment indicator identified in relation to a balance sheet asset, such that it is possible that the recoverable amount of the asset is less than the carrying value, the asset is tested for impairment. As at 31 March 2024, we identified that the reduction in used car prices, particularly in BEVs, could imply our vehicle assets should be

impaired. We therefore assessed our vehicle fixed assets and vehicles subject to repurchase agreements for impairment, impairing the net book value of the fixed assets by £36.1 million and impairing the vehicles subject to repurchase agreements by £15.2 million. We also performed the same assessment at 31 March 2025 and concluded that a further impairment provision was required. This totalled £8.3 million and comprised £7.2 million relating to vehicle fixed assets and £1.1 million relating to vehicles subject to repurchase agreements.

When vehicles are sold and therefore removed from our balance sheet, the corresponding impairment provision against those vehicle assets is also removed from the balance sheet. In the year to 31 March 2025, we recognised a release of the impairment on the vehicles sold in the profit and loss account of £18.7 million (31 March 2024: £nil), with £16.8 million relating to vehicle fixed assets and £1.9 million relating to vehicles subject to repurchase agreements.

The movement in the impairment provision of £10.4m reflects the release of impairment on vehicles sold of £18.7 million, less the impairment charge on fleet vehicles of £8.3 million.

Impairment relating to ZenAuto computer software intangibles

Due to challenging market conditions an indicator of impairment was identified with respect to capitalised computer software intangibles within Zen Auto in the Consumer division. The value in use calculation resulted in a recoverable amount that was lower than the carrying value and the computer software intangibles were impaired by £6.3 million (2024: £nil).

Adjusted operating expenses

Adjusted operating expenses increased by £4.5 million, or 6.2%, to £76.1 million for the year ended 31 March 2025, from £71.6 million for the year ended 31 March 2024.

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. This increase was partially offset by reduced overhead spending within our ZenAuto business, as we respond to the continued market weakness and lower volumes.

Adjusted EBITDA

Adjusted EBITDA decreased by £21.8 million to £42.2 million for the year ended 31 March 2025 from £63.9 million for the year ended 31 March 2024.





in adjusted EBITDA.

Adjusted EBITDA was lower for the year due mainly to the lower gross profit across all divisions, which declined by £17.3 million, driven by 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

Adjusted EBITDA excluding RV profits

increase and inflation, and resulting in a decline

Adjusted EBITDA excluding RV profits increased by £0.7 million, or 2.7%, to £28.5 million for the year ended 31 March 2025, from £27.8 million for the year ended 31 March 2024.

There were a number of immaterial items relating to prior periods in the FY25 EBITDA, excluding RV profits figure; reducing it by £1.8 million, with £1.2 million relating to FY24 and £0.6 million relating to prior years. Adjusting for these items, the adjusted EBITDA excluding RV profits was £30.3 million for the year ended 31 March 2025; up by £3.8 million, or 14.2% compared to the year ended 31 March 2024.

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 2025, we incurred exceptional costs of £10.9 million, up £8.9 million when compared to £2.0 million in the year ending 31 March 2024, and were related to the Group's ongoing transformation and reorganisation projects.

Finance costs

Finance costs on other items increased £1.8 million, or 4.6%, to £40.2 million for the year ended 31 March 2025, from £38.5 million for the year ended 31 March 2024. This increase principally comprised financing costs associated with our securitisation, but also included interest on the drawn amount of the RCF.

Finance costs on shareholder instruments increased £8.1 million, or 9.6%, to £92.7 million for the year ended 31 March 2025, from £84.6 million for the year ended 31 March 2024. The increase was due to the compounding of non-cash interest costs on the shareholder loan notes and preference shares.

Adjusted EBITDA excluding RV profits For the For the year ended year ended 31 March 2025 31 March 2024 **Continuing operations** £'000 £'000 63,938 Adjusted EBITDA 42,172 (36,185)Deduct: RV profits (13,683)Adjusted EBITDA excl RV profits 28,489 27,753

Tax charge

The tax credit decreased by £6.5 million, to a credit of £10.0 million for the year ended 31 March 2025, from a credit of £16.5 million for the year ended 31 March 2024. Further details are included in Note 9 to the accounts.

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.

Historical cash flows Total operations	For the year ended 31 March 2025 £'000	For the year ended 31 March 2024 £'000
Net cash flow from operating activities	273,847	189,526
Tax refunded/(paid)	2,695	(5,240)
Net cash flows used in investing activities	(271,222)	(330,111)
Net cash flows from financing activities	(862)	158,613
Net increase in cash and cash equivalents	4,457	12,788
Cash and cash equivalents at start of period	84,975	72,187
Cash and cash equivalents at end of period	89,432	84,975



Net cash flow from operating activities

Net cash inflow from operating activities for the year ended 31 March 2025 increased by £84.3 million, to £273.8 million, from an inflow of £189.5 million. This was a result of an increase in operating cashflow before the movement in working capital from £197.4 million to £217.8 million, cash inflow from a decrease in debtor balance, and higher cash inflows from finance leases, and a higher increase in creditors year-on-year.

Tax paid

For the year ended 31 March 2025, tax refunded was £2.7 million, compared to a payment of £5.2 million for the year ended 31 March 2024.

Net cash used in investing activities

Net cash used in investing activities decreased by £58.9 million, to a cash outflow of £271.2 million for the year ended 31 March 2025, from a cash outflow of £330.1 million for the year ended 31 March 2024.

Cash used in investing activities declined principally due to a lower number of vehicles purchased year-on-year, which was partially as a result of Project Volt.

Net cash flow from financing activities

Net cash flows from financing activities decreased by £159.5 million, an outflow of £0.9 million for the year ended 31 March 2025, from an inflow of £158.6 million for the year ended 31 March 2024.

The decrease in the year was due to a lower level of net funding, with a higher level of repayment of borrowings combined with lower drawdowns of funding. This figure also includes the cash inflow in respect of the £50 million junior mezzanine note within the EFP securitisation facility; whereby net proceeds of £19.4 million were received, reflecting the £50 million received into the facility, less the amounts repaid to the senior lenders.

Interest paid increased by £7.3 million to £41.0 million for the year ending 31 March 2025, from £33.7 million for the period ended 31 March 2024, principally reflecting the costs paid in respect of the upsize and extension of the securitisation facilities during the year.

Towards the end of the year, the Group's revolving credit facilities were drawn down in the amount of £20.0 million.

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. In FY25, order lead times had shortened to a normal level and interest rates were more stable, and so the impact on margins on new vehicle deliveries was removed. However, lease margins on vehicle contracts that were priced during the affected period will continue to be impacted until those contracts run off.

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; as at 31 March 2025, £20.0 million of which was drawn.

The Group had an aggregate cash balance as at 31 March 2025, of £89.4 million (31 March 2024: £85.0 million), of which £22.6 million (31 March 2024: £31.0 million) relates to cash balances held within the special purpose vehicles that are part of our securitisation structures. As a result, freely available cash as at 31 March 2025 was £66.9 million (31 March 2024: £54.0 million).

In addition, our liquidity includes undrawn amounts in respect of assets within the EFP securitisation facility that are encumbered but drawings have not been utilised in full.

Total liquidity, comprising freely available cash, undrawn amounts on our RCF and undrawn amounts within the securitisation facility was £129.0 million as at 31 March 2025 (31 March 2024: £119.0 million).

See the <u>Group financing and fleet funding</u> section from page 38 for further details of our liquidity.

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 2025, 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 2025, the outstanding balance of vehicles subject to repurchase arrangements through agency arrangements was £149.8 million (31 March 2024: £130.6 million), reported as 'Vehicles subject to repurchase agreements'. By contrast, the outstanding rentals balance is reported on the agency funder's balance sheet.





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 the 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.



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.



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.



Third line of defence

- · In the absence currently of a dedicated internal audit function, the Group applies the three lines of defence principles wherever possible via assurance on the effectiveness of governance, risk management, and internal controls, including first and second line defence activities.
- The Compliance team oversees regulated checks via Compliance Monitoring Plans and assurance testing per second line activities.
- · The Group utilises additional reviews and audits from external parties and partners over key areas such as: IT controls and InfoSec, funding, and health and safety.



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 supporting 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 supporting 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.

FY25 additional risks

In addition to the recurring risks noted above, there are some other, more temporary risks that were faced by the business in FY25. These are noted below, including actions taken where appropriate.

Automotive industry supply and demand dynamics, particularly BEVs

The majority of our revenues relate to new vehicle leases, and so we are dependent on the availability of new vehicles, particularly cars, for our lease contracts. Supply challenges, for example where supply is constrained, can result in extended order lead times and inability for us to fulfill orders. Conversely, where supply is artificially created - for example through government policies - as has been the case with the ZEV mandate. this can lead to oversupply relative to demand and result in lower prices of new vehicles, which can also undermine prices within the second-hand market.

Lower demand for used vehicles relative to their supply can affect used prices and correspondingly our RV profits upon sale at the end of the lease contract. Whilst we are able to mitigate this to some extent - for example, through extensions and secondary leasing - there may still be an adverse impact on our business.

Macroeconomic and political risks

Political instability increased over the course of FY25, with many of the world's countries holding elections, resulting in a change in governments in some key countries including the UK, US, France, and Germany. The process brought instability and uncertainty, affecting the confidence of both businesses and consumers, and their appetite to make commitments and investments. The results brought changes to policies, and an upending of global trade practices, including protectionist measures such as tariffs, which continue to evolve. creating further uncertainty. These risks could result in weaker demand for our products and services; by affecting consumers' spending power, reducing the employee base at our customers, and reducing economic activity, thereby reducing the need for transportation and logistics solutions.





A-Z

Operate sustainably



Grow a digitally relevant business

Recurring risks and how we govern and control them

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, and financed at fixed rates, or 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 order date and the date the vehicle is purchased and funded so there may be a small difference between the rate in the lease contract and the rate on which we fund the vehicle.	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	Our principle leasing product is contract hire, 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.	Used car prices remained weak through the first half of the year, however, they stabilised during the second half of the year. RV profits were lower year-on-year as a result of weaker used car prices, combined with higher RVs on those vehicles sold. RVs set on BEV cars were, on average, 15% lower year-on-year, reflecting a more conservative position relative to the previous 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 RV 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.	Whilst inflation levels across FY25 have been both lower and more stable than FY24, some higher cost remains due to shortages of parts and labour.



Zenith Automotive Holdings Limited



Be the leader in our chosen markets

Operate sustainably



Create the best employee experience



Make a positive impact on society



Grow a digitally relevant business

Risk	Why is it a risk to Zenith?	Potential impact of risk	Risk appetite	Controls	Governance	Notable events in the year	
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	If a customer delays payment or defaults on its payment obligations, Zenith may incur losses and adverse cash flows in respect of this customer.		Credit Committee implements 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), ensures independence and eliminates any possible conflict of interest. Credit Risk team is comprised of experienced individuals in financial analysis and credit risk management.	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 above a de-minimis level 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. Whilst two Corporate customers went into administration during the year, Zenith had already provided for these bad debt costs in the prior year.	
	and invoiced outstanding debt.	E E		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.			
Liquidity risk and funding	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 noncompliance and any risk of shortfalls in funding availability against asset classes or customer categories.	Policy and approach governed at Board level. ALCO monitors 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.	During the year the securitisation facilities were upsized by an aggregate of £100 million commitment, and the revolving period end date of the EFP facility was extended by one year to November 2026. See the Group financing and fleet funding section on page 38 for more details	
		£		Monthly monitoring of position relative to risk appetite within ALCO committee.		for more details.	



A-Z



Risk management overview

Be the leader in our chosen markets

Operate sustainably



Create the best employee experience



Make a positive impact on society



Grow a digitally relevant business

Risk	Why is it a risk to Zenith?	Potential impact of risk	Risk appetite	Controls	Governance	Notable events in the year
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	Policy and approach governed at Board level, with oversight and review of ongoing compliance.	Cloud hosting enabling stability of service and reduction of risks compared to on-prem solutions.
		E O		recognised standards.		Continued transformation of our IT landscape, with deployment of salsac portals.
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.
Health and safety risk	Within our Commercial division, we operate MSUs, depots, and a workshop 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 and safety employees within the business.	Policy and approach governed at Board level. Health and Safety Committee sits monthly.	We continued to invest in the health and safety compliance of our Commercial sites over the course of the year.
				Whistleblowing hotlines, employee forums, and other means of communicating health and safety risks or concerns.		
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 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 International Swaps and Derivatives Association agreements.	No material events or changes.

Please see the <u>TCFD</u> section on pages <u>61 to 77</u> for details of specific risks associated with climate.





Risk management overview

Residual value risk management

We offer a variety of leasing and fleet management services, and our predominant product is contract hire. Providing leases on contract hire means that we retain the RV risk/reward on the return of a vehicle from a customer. We also retain the RV risk/reward on all forms of funding vehicles; securitisation, back-to-back, and agency funding.

Book value of RVs¹

£850.5m

BEV RVs set lower YoY²

15%

Vehicles sold through auction

96%

Days vehicle collection to sale

At the inception of the lease, the expected RV 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, and end of contract income less costs to sell) at the end of the contract may be different to the RV set at the start of the contract (which corresponds to the carrying value of that vehicle on the books) and results in a profit (or loss) in the profit and loss statement.

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.

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 thirdparty 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 aggregate 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 since 2008 through numerous economic cycles and various automotive market conditions.

Key risks

The key risks associated with RVs 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.
- · Further volatility in the supply and pricing of new and used vehicles as the market transitions from petrol and diesel powertrains to BEVs.



^{1.} Book value is shown after the impact of the FY24 impairment and the additional depreciation charge from the RV reassessment.

^{2.} Based on an order mix of delivered BEVs registered in the 12 months to 31 March 2025 compared to the same period in the prior year.

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 and adjusting our risk appetite accordingly - 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.

Project Volt

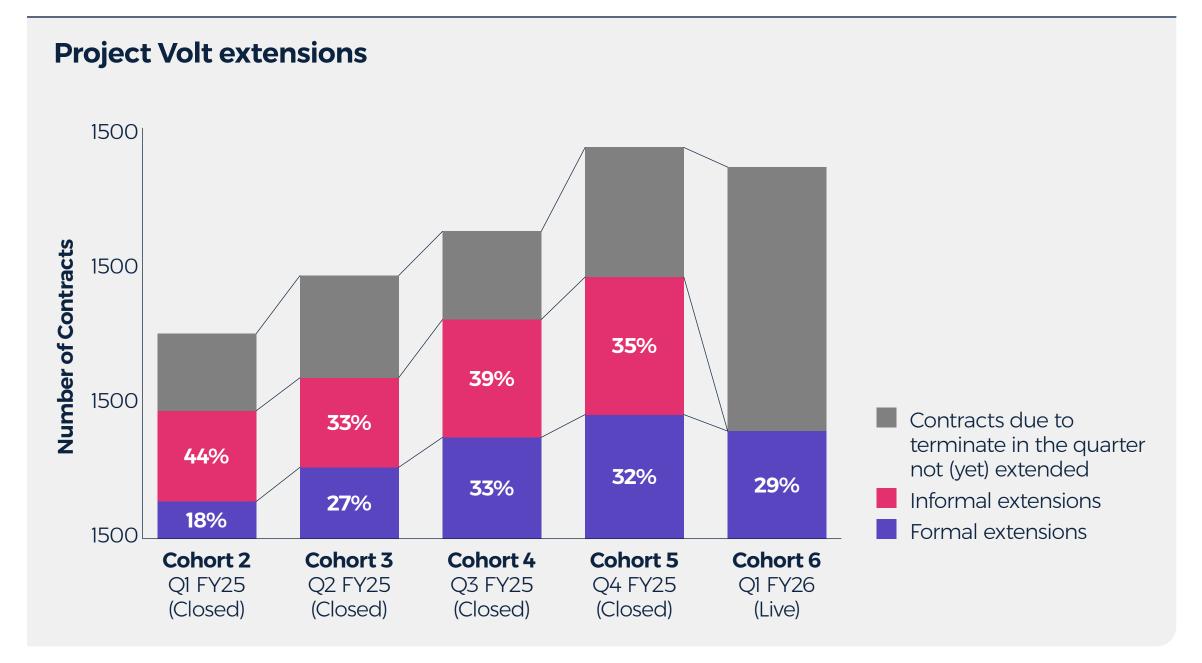
Project Volt was initiated in early 2024, as a response to the decline in used BEV prices which were seen throughout 2023 and during the first half of 2024. The programme is aimed at extending all lease contracts for BEVs with RVs that are expected to be in a loss-making position at the end of the contract.

There are multiple benefits to extending the lease contracts - for the driver, it keeps the lease cost lower, as the monthly lease rental is retained at the

same level as the primary contract period. In most cases, this is significantly lower than taking out a new lease contract, given the higher interest rate environment than when the lease was originally priced. We benefit by deferring the sale of the vehicle, meanwhile capturing an additional stream of cashflows through a period where most of the depreciation has already been recognised and where we are funding a lower amount. We recognise that some assets may still be lossmaking at the end of the extended period, and the amount of losses we ultimately incur will depend on the performance of the market over that period of extension.

We benefit from both i) formal extensions - where a lease contract is formally extended for a set period - usually 12 months, and where we capture a full 12 months of benefit; and ii) informal extensions, where a lease contract is allowed to run on beyond the initial contract end date. Each month that a vehicle remains leased defers the sale of the vehicle and generates additional cashflow. On average, informal extensions through this programme last for six months, providing half the benefit of a formal extension.

From the inception of Project Volt to the end of FY25, there were 5,400 contracts in scope, and to the end of FY25 we had formally extended 29%, or c.1,600 contracts, and a further 38% of contracts had been in informal extension, for an average length of six months. Losses mitigated are calculated as the expected loss avoided by not selling the vehicle, less the anticipated profits or reduced losses from selling the vehicle at the end of the extended period, usually 12 months later for formal extensions. For informal extensions, the loss mitigated is prorated on a monthly basis for the period the vehicle remains in informal extension.



As a result, £6.6 million of losses in the period to the end of FY25 were mitigated, representing an average loss mitigation per vehicle of £2,800. Overall, £10.8 million of value has been generated through the programme.

In FY26, there are 8,900 contracts in scope, and in the latter months of FY25, we started to proactively engage with customers to extend lease contracts with a contract end date in FY26. This represents a higher number of contracts in scope than FY25 due to: i) a higher number of BEV contracts due to terminate in FY26; and ii) the underlying RVs on those contracts being higher year-on-year. By the end of FY25, we had agreed extensions for 1,400 contracts due to terminate in FY26, resulting in

£4.2 million of losses mitigated so far for that year.

We recognise that some assets may still be lossmaking at the end of the extended period, and the amount of losses we ultimately incur will depend on the performance of the market over that period of extension. So the amount of actual losses mitigated may vary from these amounts shown.

Project Volt benefits

- Mitigates our RV risk positions
- · Mitigates inflation of lease costs

for drivers





-

Market conditions in FY25

Registrations continued to recover in FY25, with new car registrations for 2024 increasing 2.6% YoY. The share of BEVs continued to rise, driven by increasing demand from Benefit-in-Kind tax incentives, and supply from the impact of the ZEV mandate requiring OEMs to sell a minimum percentage of BEVs. Whilst the 2024 target of 22% BEVs was not met across the industry – reaching 19.6% – BEVs were the fastest-growing fuel type in 2024, with registrations up 21.4% YoY.

The Labour manifesto pledge to reinstate the 2030 deadline for the sale of petrol and diesel cars, and the lack of clarity in how this would be achieved, drove an industry-wide consultation process through early 2025. This added to the market uncertainty, which was somewhat resolved in April 2025 when the results of the consultation were announced, allowing hybrids to be sold between 2030 and 2035, and enabling more flexibility in the use of allowances. There was, however, no resolution to the industry's ask for more support for the used vehicle market, and continued consultation is expected on the implementation of the ZEV mandate as conditions unfold.

A number of changes were announced in the Autumn Statement relating to tax allowances on cars, which further penalises vehicles that are not zero emissions, with the highest burden implemented on hybrids. This caused some fluctuations in registrations at the end of the FY25 tax year, with some registrations pulled forward

from April into March. However, the extension of the low BiK rates for EVs out to 2030 provides more positive conditions for our company car and salary sacrifice schemes.

Used car prices for ICE and PHEV vehicles through FY25 remained resilient, having somewhat stabilised at a higher level than pre-Covid. Used BEV prices continued to decline through the first half of FY25, however stabilised through the second half, with days-to-sell for 3–5-year-old EVs reported representing the fastest-selling segment².

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. Where applicable, the driver is provided the opportunity to buy their vehicle at the end of contract. If the vehicle is to be returned, it is collected by one of our selected remarketing partners and taken to a secure site. Each vehicle is assessed for damage and the cost/benefit of repair. The majority of vehicles are either sold through auction in both physical and online channels, or via a retail channel. Zenith's proactive approach to remarketing includes attending all 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 with an average of 13 days – and high first-time conversions, resulting in lower holding costs and better working capital.





^{1.} SMMT, April 2025

^{2.} Autotrader 2025 Forecast and Industry Backdrop

Task Force for Climate-Related Financial Disclosures (TCFD)

We recognise the impact climate change has on both on our business and society as a whole. Aware of the consequences that unmitigated climaterelated risks will have on all our stakeholders, we began to integrate Task Force for Climate-**Related Financial Disclosures** (TCFD) recommendations in FY23 to ensure we are always effectively identifying, assessing, and managing climate-related risks and opportunities.

Compliance with TCFD requirements

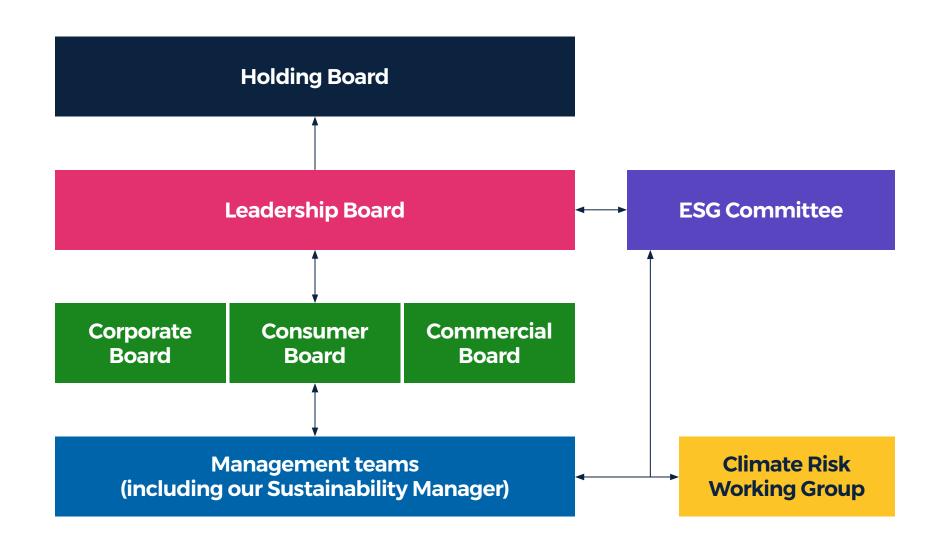
Pages 60-76 represent our reporting against the TCFD's 11 recommendations and recommended disclosures.

This disclosure is compliant with our obligations to report in-line with the Companies (Strategic Report) (Climate-Related Financial Disclosure) Regulations 2022 and under s414C, s414CA, and s414CB of the Companies Act 2006 (the Act).

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.





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 our sustainability plan, People Powered Impact, which includes climate change. At an operational level, responsibility resides with our Chief People Officer (CPO) who sits on our Leadership Board and Environmental, Social, and Governance Committee. Since FY24, part of our Leadership Board's remuneration is linked to long-term sustainability metrics. Our Leadership Board all attended a Carbon Literacy training session in March 2023.

The Board has considered climate-related issues when setting Zenith's purpose and vision, and considers the planet as a key stakeholder. Our strategy is influenced by climate, with an example being that our Corporate and Consumer divisions' funded fleet now stands at 47.5% BEV. Furthermore, we launched Project Volt to extend

the lease on our BEVs with existing drivers. This has financial benefits such as enabling us to extend the lease into the period where the vehicle has lower depreciation and provides drivers with a lower monthly rental compared to a new vehicle, as well as climate-related benefits due to avoiding the raw materials and energy required to produce a new vehicle.

The Board is updated at least every 12 months on climate change regarding our approach to mitigating key climate-related risks and maximising opportunities. In January 2025, our Sustainability Manager presented our SBTivalidated near-term and long-term net zero targets. This included a discussion of our transition plan to reduce our Scope 1, 2, and 3 emissions in the short and long term. These reduction targets represent our key long-term targets to control

our climate-related risks and promote our opportunities. Moreover, the Leadership Board is updated monthly regarding key ESG initiatives, including those related to climate, via our General Counsel's update.

Priorities for FY26

- · In January 2025, our carbon reduction targets were validated by by the SBTi. The Leadership Board will begin tracking progress against these in FY26.
- · Leadership Board review of KPIs of our People Powered Impact sustainability plan.
- Review of our climate-related risks and opportunities, including mitigation, adaptation, or promotion strategies.

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 percentage of our order bank that are BEVs.

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.

Priorities for FY26

- Relaunch our ESG Committee with new membership aligned to our People Powered Impact sustainability plan.
- Further analysis of Scope 3 emissions data as more primary data becomes available from our suppliers, with particular focus on our vehicle manufacturers' production emissions.
- · Supplier engagement programme including launching EcoVadis for a trial group of key suppliers, and supplier Carbon Literacy session to coincide with Carbon Literacy Action Day (CLAD).

A-Z

Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks.

Disclose how the organisation identifies, assesses, and manages climate-related risks

As disclosed in our FY24 Annual Report, the Climate Risk Working Group is responsible for identifying, assessing, and managing our climaterelated risks and opportunities. This group now meets at least twice per year, and membership is cross-functional.

Our climate risk assessment is completed by taking a bottom-up approach of identifying the related policy and legal, market, technological issues that may affect Zenith and then assessing the potential impact of these.

This approach is complemented by subsequent horizon scanning to identify external trends, such as legal and regulatory developments, and emerging science/expert opinion.

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 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.

Priorities for FY26

· Review the identified climate risks and opportunities and climate transition plan and update where necessary.

Describe the organisation's processes for identifying and assessing climaterelated risks

The Climate Risk Working Group is responsible for managing climate-related risks and opportunities and maintains the Group's climate risk register. The group has completed an initial assessment of whether to tolerate, treat, or terminate a risk, or optimise for an opportunity.

We plan to provide a summary of our climate risk framework, including mitigating or treatment actions, to the Leadership Board for approval in the coming 12 months.

Zenith considers climate change to be one of its recurring material risks, information regarding these and the Leadership Board's role in managing risk can be found within the risk management section.

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 meetings.

Priorities for FY26

- · Review the mitigation actions and ensure these remain appropriate to control the risk or promote the opportunity.
- Continued tracking of new mitigating actions by our climate risk working group.

Describe how processes for identifying, assessing, and managing climateOur 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 same impact and likelihood rating system as 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.

Climate risk is not yet integrated within our enterprise risk framework (ERM) as this is a developing programme. We delayed the relaunch of our ERM until the appointment of our new CEO, Richard Jones, in March 2025, to ensure that his

input and leadership helped shape the relaunched framework.

Priorities for FY26

· Relaunch the enterprise risk framework and integrate climate risk into this. Upon completion of this programme, the climate risk framework will be integrated into the Group's enterprise risk.

related risks are integrated in the organisation's overall risk management

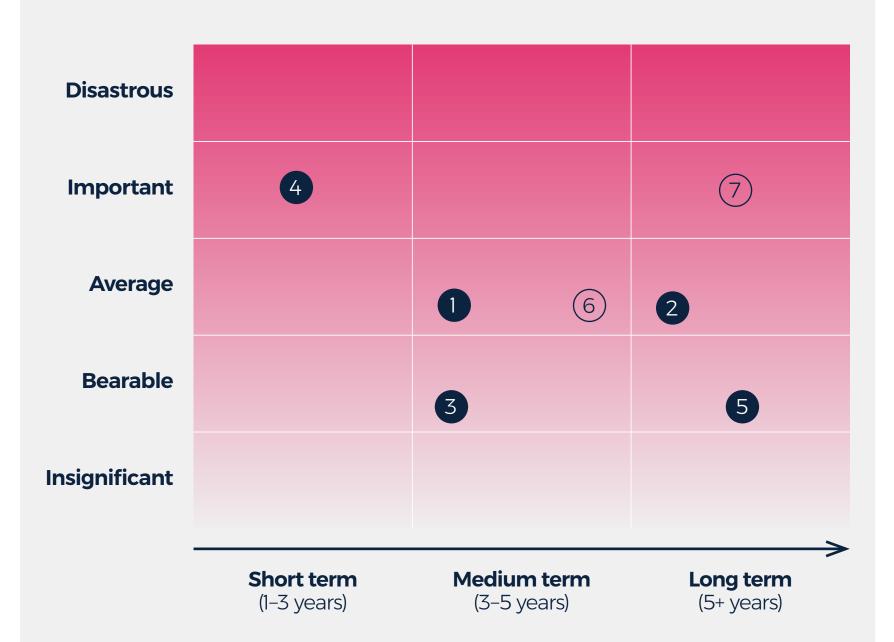
Risk time horizon key

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.

Furthermore, Zenith's more material climate risks are transition-related, therefore shorter timeframes are more appropriate currently due to the rapid pace of policy, legal, technology, and market changes occurring within the automotive and transport industry.

The Climate Risk Working Group reviews the time horizons annually and these may change as our requirements change.

Climate-related risks



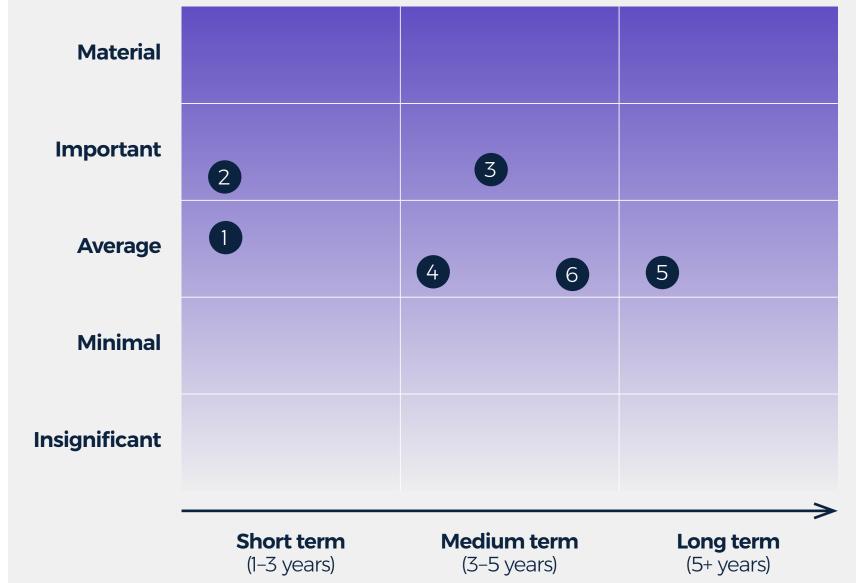
Transition risks (risk type in brackets)

- 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)

O 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 ZEV 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)





Strategy

Climate-related risks and opportunities summary

More material 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. More material risks and opportunities are defined as those where Zenith's exposure to its impact and likelihood is deemed to be average or above. The risks and opportunities that are deemed to have a possible material

financial impact are those assessed important and above, and include those across all time horizons.

All risks and opportunities have been assessed relating to their impact upon the UK and to the automotive industry specifically. Please see our financial statements for further information regarding how we have considered climate risks and opportunities. We plan to extend the consideration of impacts to geographies outside the UK by the end of FY27. The purpose of this will be to capture the potential physical impacts of climate change on our key supplier partners, which are international.



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

Description and potential impact to the business

Financial: The annual 1% increase in BiK tax rates for BEVs from 2025 to 2028 will increase rental costs for our customers. An increase of 1% to the BiK tax rate on a car valued at £50.000 leads to an extra £16.67 BiK payment per month for a 40% taxpayer. However, the BiK rate will only increase from 3%-9% between 2026-2029, which is considerably lower than the 37% tax rate for high-emitting ICE vehicles (170g/km and higher). We do not expect the small increase in BiK for BEVs to affect demand as they remain more attractive for company car drivers compared to ICE vehicles.

Additionally, BEVs are no longer exempt from the expensive car supplement. This means that from 1 April 2025, BEVs will be subject to an additional £620 per year in vehicle excise duty (VED).

Adaptation and mitigation or promotion strategies

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.

Time horizon

Medium term

Exposure

Average

Metrics

% of Zenith-funded fleet that is ZEV



A-Z

Annual report and accounts 2025



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

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. If a direct carbon tax was introduced in the UK for an organisation's Scope 1 and 2 emissions, this would result in a new tax burden for Zenith of £149,761.83 based on our FY25 GHG emissions. We have assumed a carbon price of £64.90 based upon the UK carbon trading scheme price.

Operational: Requirement for increased assurance of our Scopes 1, 2 and 3 GHG emissions.

Adaptation and mitigation or promotion strategies

Regarding our value chain emissions, we are reducing these through the decarbonisation of our customers' fleets, for example through the leasing of BEVs.

We are also working with our suppliers and challenging them to introduce circular economy practices wherever possible.

Our near-term and long-term carbon reduction targets have been validated by SBTi. These underpin Zenith's emissions reduction initiatives and will help to ensure that the impact of any new carbon tax would be minimal upon Zenith. Further information on our SBTi targets and GHG emissions can be found within the sustainability section.

Time horizon

Long term

Exposure

Average

Metrics

- · % of Zenith-funded fleet that is ZEV
- · Average g/km of non-ZEV cars and vans
- · Annual sourcing of renewable electricity

Targets

- Increase active annual sourcing of renewable electricity from 21.2% in FY22 to 100% in FY30.
- Reduce our absolute Scope 1 and 2 GHG emissions 47.5% by FY30 and 90% by FY50 from a FY22 base year.
- Reduce Scope 3 GHG emissions by 51.6% per funded vehicle by FY30 from an FY23 base year.
- Reduce our total Scope 3 emissions 90% by FY50 from a FY23 base year.

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

Description and potential impact to the business

Operational: More frequent and severe weather events would result in the need for extra cooling and maintenance costs at our sites.

Supply chain: As a vehicle leasing and fleet management business, we are reliant upon our supply chain to deliver services to customers, such as vehicle procurement, servicing, maintenance, and repair. We have a diversified supply chain to deliver these services meaning that we are not solely reliant on any one supplier, allowing us to easily switch supply if one partner encounters issues due to extreme weather events. This is supported by the fact our supply chain is geographically diverse. Our SMR network is UK-wide and our vehicle manufacturers are based in countries across all continents.

Adaptation and mitigation or promotion strategies

We are comfortable that the impact of extreme weather events would be limited on Zenith. This is due to the following reasons:

- Zenith operates an agile working policy for most colleagues, meaning that we can continue operating remotely and delivering services to customers, even in the event that colleagues are unable to access our office or travel due to extreme weather.
- 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.

Time horizon

Medium term

Exposure

Average

Metrics

- % of key supplier partners assessed against ESG criteria within last five years.
- Number of sites located in areas subject to flooding risk.

Targets

- 100% of key suppliers have completed due diligence within last five years.
- No flood impacts at our sites and no new centres opened in flood risk areas.



A-Z

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

Description and potential impact to the business

Financial: In FY25, used BEV prices reduced by 10% which impacts residual values of our funded fleet. This was impacted by a range of factors, including:

- · Supply outstripping demand.
- An increase in new BEV registrations as manufacturers seek to comply with the ZEV mandate targets.

Each year Zenith determines whether there are any indicators of impairment on its vehicle assets. In the prior year, it was identified there was an indicator of impairment and recognised a provision of £51.4 million. No indicators of further impairment have been identified in the current year. Further information can be found in our financial statements.

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. For this reason, Zenith is maintaining a balanced fleet of BEVs and ICE vehicles

Adaptation and mitigation or promotion strategies

In FY25, Zenith launched Project Volt to extend the lease on our BEVs with existing drivers. This has financial benefits such as enabling us to extend the lease into the period where the vehicle has lower depreciation and provides drivers with a lower monthly rental compared to a new vehicle. This also has a climate-related benefit due to avoiding the raw materials and energy required to produce a new vehicle.

Zenith's dedicated Pricing & Risk and Remarketing teams monitor residual values of our vehicles and the external factors which impact these. This includes a monthly reevaluation of our fleet value against independent industry forecasts. This is reviewed at the monthly Residual Value and Pricing Committees, both chaired by our Group CFO.

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 prices vehicles at their inception to encourage fleet diversity and spread residual value risk across different vehicle manufacturers, 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:

- · Defer losses whilst the market is turbulent.
- Reduce the loss by extending the life and setting a lower RV.

Furthermore, the Remarketing team monitors sale prices of vehicles in the used car market to identify the most appropriate time to sell a vehicle at auction.

Time horizon

Short term

Exposure

Important

Metrics

- % of funded fleet that is ZEV
- Volume of secondary leases





ments

Climate opportunity

Opportunity to repair vehicles using green parts caused by supplier partners transitioning to a circular economy.

Category

Resource efficiency

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. This would also reduce exposure to any future carbon taxes due to reduced Scope 3: Category 1 Purchased goods and services GHG emissions.

Supply chain: Utilising green parts reduces the time that a vehicle is off-road during service, maintenance, and repair (SMR). This ensures vehicle up-time is as high as possible, and supports customers in the delivery of their business operations.

Adaptation and mitigation or promotion strategies

In FY24 Zenith onboarded a new 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). Following the launch of this programme, green parts have not been fitted to the degree we expected. However, this remains an ongoing decarbonisation priority via supplier engagement, for Zenith as green parts have the possibility to reduce our Scope 3 emissions by between 3–5%.

We intend to regularly engage both our customers and supplier partners regarding the benefits of utilising green parts. We foresee this engagement to drive change further.

Time horizon

Short term

Exposure

Average

Metrics

 % of recycled or second-life parts used to maintain and repair vehicles.

Targets

- Reduce Scope 3 GHG emissions by 51.6% per funded vehicle by FY30 from an FY23 base year.
- Reduce our total Scope 3 emissions 90% by FY50 from a FY23 base year.

Climate opportunity

Opportunity to access green finance markets caused by our transition plan, net zero targets, and delivery of our wider ESG strategy.

Category

Markets

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.

Adaptation and mitigation or promotion strategies

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.

Our current Green Bond matures in 2027 and as we approach this, we'll investigate opportunities for further green financing, as well as other green financing options throughout our financing structure.

Time horizon

Medium term

Exposure

Important

Metrics and targets

Information on our Green Bond, including the impact and allocation reporting, can be found within the <u>Sustainalytics 2024 review</u>.





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ents

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

Description and potential impact to the business

Strategic: Examples of the types of alternative products that could be offered include:

- Used car leasing in the consumer market, such as our used personal contract hire (UPCH) scheme.
- · Used vehicle salary sacrifice offering to our corporate customers.
- · Extended vehicle leases beyond four years.
- Mobility-as-a-service (MaaS) leading to the rise of on-demand vehicle use models rather than ownership.

Adaptation and mitigation or promotion strategies

Key pillars of our Group strategy include being the leader in our chosen markets and creating 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.

In FY24, we developed Project Volt to extend the lease on our BEVs with existing drivers. This supported customers financially as it provides drivers with a lower monthly rental compared to a new vehicle. In FY26, we intend to launch a used salary sacrifice product, enabling customers to lease a readily available used vehicle, thus providing them with a lower monthly rental, and avoiding the environmental impact that would arise from ordering a new vehicle which would require production. This would help to avoid capital goods emissions for Zenith that would arise from ordering a new vehicle.

Time horizon

Medium term

Exposure

Average

Metrics

· Volume of secondary leases

Climate opportunity

Opportunity to reduce our emissions through increasing the number of ZEVs compared to traditional internal combustion engines on our fleet due to Government policy, consumer preference, and market changes.

Category

Products and services

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.

Adaptation and mitigation or promotion strategies

This opportunity is already under way, and Zenith has taken the following actions to support this.

- Defining our purpose, vision, and strategy to be focused on the decarbonisation of the industry.
- Issuing the UK leasing industry's largest green bond in January 2022.

- Launched Carbon Literacy training internally to ensure that colleagues have climate change awareness, and knowledge of the decarbonisation of the automotive industry.
- A dedicated fleet consultancy team to support customers, to identify opportunities to transition their vehicles to ZEV.

Due to the issues around used BEV prices, Zenith maintains a balanced fleet of different drivetrains, including both BEV and ICE. This ensures that we can continue to deliver both an economic and an environmental impact for our stakeholder in the short and long term.

Time horizon

Short term

Exposure

Important

Metrics

- · % of Zenith-funded fleet that is ZEV
- Average g/km of non-ZEV cars and vans

A-Z

Climate-scenario analysis

In FY24, we conducted climate-scenario analysis on selected potentially material climate risks and opportunities to assess the potential qualitative impact on Zenith. More material risks and opportunities are defined as those where Zenith's exposure to its impact and likelihood is deemed to be average or above. The scenarios were selected due to their prominence within climate change discourse. This enables the selected risks and opportunities to be assessed in line with scenarios most often used and understood by the market on the potential outcomes of climate change on the environment, society, industry, and policy. Zenith intends to refresh its climate scenario analysis at least every three years and will have completed this again by the end of FY27.

Considering all the risks and opportunities assessed, mitigations in place, and those which may be taken in the future, Zenith is confident that it has a resilient business model to the potential impacts of climate change. We are adapting to our main transition risks via the electrification of our fleets, and are comfortable that we have limited exposure to physical risks due to our low physical footprint.

The results of this analysis are used to inform the Leadership Board, and to help shape future strategic and financial planning. Our mission to enable the decarbonisation of the UK vehicle parc by eliminating tailpipe emissions is an example of our strategy adapting to our most material climate-related risks and opportunities. The following climate-scenario 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 (IEA1)	Physical scenarios (IPCC²)
<2 degrees Celsius	Net zero emissions (NZE)	SSP1-2.6 (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)

rask Force for Climate-Related Financial Disclosures (TCFD)						Low risk to Zenith or high opportunity
						Medium risk to Zenith or medium opportunity
Climate risk: Carbon tax						High risk to Zenith or low opportunity
	Short	Medium	Long			

Scenario	Assumptions	(1-3 years)	(3-5 years)	(>5 years)
NZE	Early implementation of a carbon pricing mechanism to all economies with a net zero commitment.			
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.			

Results 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 as we are committed to reducing our emissions through the following, which will help mitigate the impact of any carbon tax:

· Zenith's near-term and net zero carbon reduction targets were validated by the SBTi in FY25. These will underpin our decarbonisation actions and help to drive a reduction in our total value chain GHG emissions.

The transition of our fleet to ZEV, which now stands at 37.9% ZEV, thus reducing our Scope 3 downstream leased assets and use of sold products emissions.

Carbon taxes are expected to increase in line with the UK Government's own net zero targets and political commitments to decarbonise.

The impact of these will also be reduced due to Zenith's business model, which means that our main emissions impact is in the following four scope 3 categories, which are responsible for over 99% of our FY25 emissions:

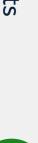
- Purchased goods and services
- Capital goods
- · Use of sold products
- · Downstream leased assets

Our use of sold product emissions and downstream leased assets emissions are caused by the leasing or selling of vehicles entirely within the UK. These emissions will naturally reduce in the long term as the UK has legislated to end the sale of ICE vehicles from 2035 and 2040 (depending on whether it's a car, LCV, or HGV).

Therefore, through government policy, the commitments of our suppliers, and our own actions, we are confident that our emissions will reduce in the long term. Thus reducing the impact of any future carbon tax.



A-Z



Task Force for Climate-Related Financial Disclosures (TCFD)

Climate risk: UK automotive-related legislation

Scenario	Assumptions	Short (1-3 years)	Medium (3-5 years)	Long (>5 years)	Results	
NZE	The UK adopts additional policies that are supportive of the transition to zero emission vehicles, encouraging both fleet and consumer purchasers. All manufacturers meet the targets set out in the ZEV mandate.		business strategy is resilient under all three scenarios. Policies implemented under NZE would lead to the continued growth of our REV funded floot would allow continued arough and the continued growth of our REV funded floot.	 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, 	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, and use of sold products GHG emissions. This would also help Zenith to achieve its carbon reduction targets. therefore, the transition would However, Zenith's manufacture approach and the existing BiK would allow continued transition would align with our vision to dust the continued transition would align with our vision to dust the continued transition would align with our vision to dust the continued transition would align with our vision to dust the continued transition would allow continued transition to do the continued transition would allow con	 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 2030 would allow continued transition to BEVs. This
APS	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.					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.
STEPS	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.				slower but still occurring, therefore our fleet would continue to transition to majority BEV.	

Climate risk: 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.	Zenith due to our diverse supply chain, meaning we are not reliant on any one supplier and can easily shift supply if these scenarios occurred.
SSP2-4.5	Similar to trends observed in SSP1-2.6, with increased frequency and size of extreme weather events.				The risk of business interruption and damage to our assets increases from SSP1-2.6 (<2°C) to SSP5-8.5 (>3°C). Financial impacts are expected to be greatest under the SSP5-8.5 scenario, however, these are still	 Potential revenue lost due to business disruption in the medium to long term under all scenarios. However, as mentioned above, our diverse supply chain, limited direct physical footprint,
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.				 limited for Zenith due to our limited physical footprint. 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 	and agile working policy will limit this impact. In the coming years, Zenith intends to assess the potential impact of extreme weather events on our vehicle assets, and on our key supplier partners' locations and operations. We will disclose the outcome of this analysis once complete.
Zenith Automo	otive Holdings Limited					Annual report and accounts 2025

Low risk to Zenith or high opportunity

High risk to Zenith or low opportunity

Medium risk to Zenith or medium opportunity

Task Force for Climate-Related Financial Disclosures (TCFD)

Low risk to Zenith or high opportunity

Medium risk to Zenith or medium opportunity

High risk to Zenith or low opportunity

Climate 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. These will both benefit Zenith through:	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.
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 a circular economy sooner than others.				 Increased revenue due to lower value chain goods costs. 	
					 Increased business resilience and customer service due to the quicker sourcing of vehicle parts. 	The NZE and APS scenarios are supportive of our business strategy, as we have recently launched green parts within the supply chain.
STEPS	Industries continue to extract raw materials and resources, and waste remains high across all sectors.				 Aiding the reduction of our Scope 3 purchased goods and services GHG emissions, and waste generated in operations. 	

Climate 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.	The speed of growth of these markets is different across each scenario. However, regardless of the scenario we will continue to investigate opportunities to access green finance options as it provides us with the following benefits:
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.					 Reduces our costs of borrowing.
						 Supports further investment in other strategic areas.
						· Signifies Zenith as a climate leader.



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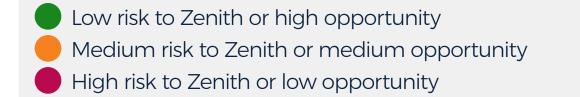


A-Z

Task Force for Climate-Related Financial Disclosures (TCFD)

Climate 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-emission 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:	 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.				 A diversified vehicle ownership and use model under NZE and APS would allow Zenith to enter new markets. Examples are outlined in the opportunity summary outlined on page 68. This could result in new revenue streams, increased overall revenue, and a larger fleet. 	
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.					

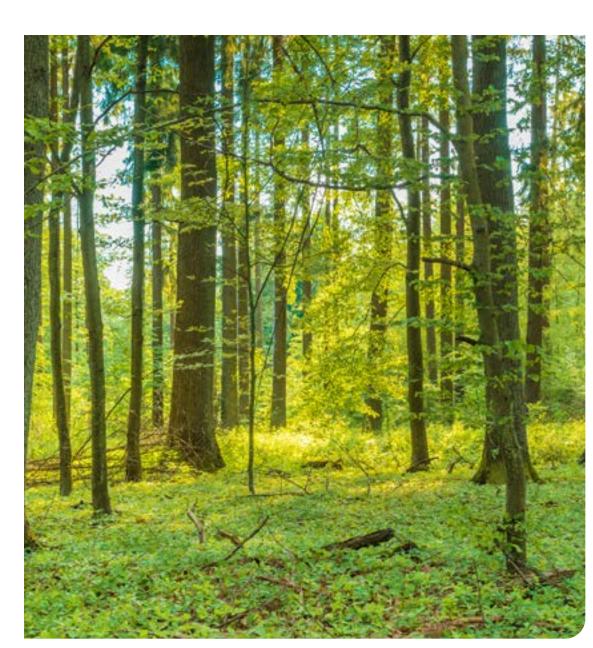




Metrics and targets

This chapter focuses on the key metrics and targets that we use to measure our progress against our climate commitments. These are integral to ensure that we are effectively managing our climaterelated risks, or promoting the opportunity.

Zenith's Scope 1 and 2 GHG emissions reduced during FY25 due to lower gas and electricity consumption following the closure of our commercial vehicle workshops in England. Our scope 2 emissions resulting from the charging of BEVs increased due to a greater number of these vehicles on the Zenith employee company car and salary sacrifice scheme.



Zenith Automotive Holdings Limited

Our Scope 3 emissions have increased by 4.7% YoY. Whilst this is disappointing, the main cause of this is improved data quality regarding the gross vehicle weight of our vans and HGVs which allows us to better categorise these vehicles and more accurately report on their usage emissions. This enables us to improve our reporting of our downstream leased assets, and use of sold products, emissions moving forwards, and track progress against our SBTi carbon reduction targets.

Progress against our other climate-related metrics and targets can be seen on the following pages.

We are aware that additional metrics relating to items such as waste, water, nature, and biodiversity are best practice. Our long-term aim is to set these and we will work towards updating these when possible.

The information disclosed throughout the Metrics and targets section, including our GHG emissions, are tracked by both our Climate Risk Working Group and our ESG Committee. For further information, see the <u>Governance section</u>.

Our Climate Risk Working Group is going to review our metrics and targets in the coming 12 months to ensure that they remain fit for purpose. A second aim of this review is to ensure that all metrics are clearly linked to a target.

Greenhouse gas (GHG) emissions*

A full breakdown of our FY24 and FY25 emissions can be found in the <u>Sustainability section</u>.

Scope	What does this mean?	Emissions (tCO₂e)
Scope 1	Direct emissions from sources that are owned or controlled by Zenith included our sites and our own company car fleet.	FY25 FY24 1,690 1,968
Scope 2 (location-based)	The emissions from the production of energy we use, based on the UK average energy factor.	FY25 FY24 617 785
Scope 2 (market-based)	The emissions from the production of energy we use, based on supplier-specific data.	FY25 FY24 567
Scope 3	Other indirect emissions from our upstream and downstream value chain.	FY25 1,132,842 FY24 1,082,239

^{*}See page 89 for emissions calculation methodology.

Task Force for Climate-Related Financial Disclosures (TCFD)

Metrics

Metric	Unit of measure	Linked to identified climate risks and opportunities	Commentary	Progress
Zenith-funded fleet that is ZEV.	%	 UK automotive-sector legislation Introduction of a carbon tax Used car market pricing volatility Growth of ZEV market 	Through our support and expertise, we collaborate with our customers to configure fleet policies appropriate to their needs. In many cases, this is a battery electric vehicle (BEV), which aligns with our vision to decarbonise the UK vehicle parc through the elimination of tailpipe emissions.	FY25 FY24 37.9% 32.1%
Average g/km of non-ZEV cars and vans.	Mean average	Introduction of a carbon taxGrowth of ZEV market	Over 40% of our non-ZEV cars are now PHEVs, which have a lower g/km and are leading to a reduction in the overall average of g/km for our non-ZEV cars.	Cars FY25 36g/km
			Whilst the average g/km of our vans has increased, we have also increased the number of BEV vans that we lease to customers during the financial year.	FY24 45g/km Vans
				FY25 163g/km FY24 160g/km
Annual sourcing of renewable electricity.	%	· Introduction of a carbon tax	The main source of our electricity usage is at our Kirkstall Forge Head Office. Through our landlords, we ensure that we utilise renewable energy tariffs.	FY25 FY24 44%
Recycled or second-life parts used to maintain and repair vehicles.	%	· Circular economy	We intend to regularly engage both our customers and supplier partners regarding the benefits of utilising green parts. We foresee this engagement to drive change further.	FY25 1% 2%
Secondary leases.	Volume	Used car market pricing volatilityProduct and service innovation	As this market grows, we will begin tracking this metric through our existing corporate governance structure, specifically within our Corporate and Consumer divisions.	New - will be updated in FY26
Key supplier partners assessed against ESG criteria within last five years.	%	· Increase in extreme weather events	We will begin monitoring this metric via our Supplier Governance and Risk Forum (SGRF) during FY26.	New - will be updated in FY26
Number of sites located in areas subject to flooding risk.	Volume	· Increase in extreme weather events	We will complete this analysis during FY26 and look to implement any necessary mitigation steps over time.	New - will be updated in FY26

Task Force for Climate-Related Financial Disclosures (TCFD)

Targets

Targets	Unit of measure	Linked to identified climate risks and opportunities	Commentary	Progress
Reduce our absolute Scope 1 and 2 GHG emissions 47.5% by FY30 and 90% by FY50 from a FY22 base year.	%	 Introduction of a carbon tax Increase in extreme weather events 	We have successfully reduced our Scope 1 and 2 emissions by transitioning our own Zenith employee company car and salary sacrifice scheme to 100% BEV. Furthermore, the decarbonisation of the UK electricity grid and the installation of new heating systems at facilities have also made an impact.	Progress so far: 45.2% reduction FY25 scope 1 and 2 emissions FY25 1,690 tCO ₂ e FY22 (base year) 4,209 tCO ₂ e
Increase active annual sourcing of renewable electricity from 21.2% in FY22 to 100% in FY30.	%	Introduction of a carbon taxIncrease in extreme weather events	We have successfully increased the percentage of our renewable electricity sourcing by 40% compared to our base year, and are confident we are on track to achieve our target by FY30.	FY25 FY22 (base year) 21.2%
Reduce Scope 3 GHG emissions by 51.6% per funded vehicle by FY30 from an FY23 base year.	%	 Introduction of a carbon tax Increase in extreme weather events Circular economy 	Our Scope 3 emissions have increased by 27,000 tCO₂e whilst our funded fleet has reduced by 520 vehicles compared to the FY23 base year. To achieve this target, Zenith can only focus on growing the business and supporting customers to transition to ZEVs to help reduce our Scope 3: category 11 (use of sold products) and Scope 3: category 13 (downstream leased assets). However, other elements of our Scope 3 are outside of our control, as outlined below.	Progress so far: 4.17% increase Per funded fleet vehicle FY25 FY23 (base year) 15 tCO ₂ e 14.4 tCO ₂ e

Task Force for Climate-Related Financial Disclosures (TCFD)

Targets (continued)

Targets	Unit of measure	Linked to identified climate risks and opportunities	Commentary	Progress
Reduce our total Scope 3 emissions 90% by FY50 from a FY23 base year.	%	 Introduction of a carbon tax Increase in extreme weather events Circular economy 	 For Zenith to achieve our target, we are reliant on wider initiatives and innovation across the economy. This includes: The decarbonisation of the UK energy grid to neutralise EV charging emissions. The growth of a commercially and operationally viable zero emission LCV and HGV market. OEMs decarbonising their vehicle production processes. 	Progress so far: 2.36% increase FY25 FY23 (base year) 1,132,842 tCO₂e 1,106,748.27 tCO₂e
100% of key supplier partners have completed due diligence within last five years.	%	· Increase in extreme weather events	We will begin tracking this target via our SGRF during FY26.	New - will be updated in FY26
No flood impacts at our sites and no new centres opened in flood risk areas.	Volume	· Increase in extreme weather events	Whilst none of Zenith's sites have been subject to flood impacts during FY25, we will complete analysis of our sites during FY26 to understand if any are based in areas of flooding risk.	FY25 - 0

Governance report



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Corporate governance

As an ethical and responsible business, we pride ourselves on transparently communicating with all our stakeholders and driving good outcomes and engagement across the board.

James Edwards

James Edwards
Group General Counsel



Throughout FY25, our Central teams, including Legal, Compliance, and InfoSec, have supported the wider Group in their daily operations and contributed to a culture of continuous success and improvement.

Following its launch on 31 July 2023, we have embedded the FCA's Consumer Duty standards into our routine ways of working. Under the Duty, we must always deliver good customer outcomes, ensuring that customers can access support easily, that all communications are clear, and that our products and services meet customer needs and offer fair value. We continue to assess our people's understanding of the Duty, providing regular reviews and training to address any gaps in knowledge.

We've also taken some of the learnings from the Duty and applied these to other nonregulated areas of our business, such as our salary sacrifice proposition, to ensure we're doing the right thing for our customer – regardless of product type.



"The Duty is not a one-off and it's humbling to see how our teams continue to adapt and drive the best outcomes for our regulated customers. But it shouldn't stop at just regulated products, and so as we set out below, over the last 12 months we've built on that work and applied it to non-regulated products such as salary sacrifice – a real differentiator and journey I'm personally proud we've taken."



Case study

Striving for good outcomes in salary sacrifice.

Following the implementation of Consumer Duty, and the good customer outcomes resulting from our customer-focused processes embedded within the ZenAuto team, the Group Compliance team, led by our Compliance Director Vicky Thompson, took the initiative to apply the learnings to our salary sacrifice proposition, a non-FCA-regulated product.

The team started by reviewing the customer journey, looking at every point of interaction, ensuring support could be accessed easily, that all communications were clear, and that our offering met customer needs and offered fair value.

Using the Consumer Duty programme as a framework, the teams have updated product information shared pre, during, and after the initial order, as well as all in-life communications. The focus was ensuring clear and simple language, equipping the driver with the relevant information needed to make an informed decision. The team also reviewed the policy documents to ensure they are accurate, not misleading, do not include any jargon, and clearly explain all driver obligations. All fees and charges were reviewed to ensure that they offered fair value and represented the amount of administration time they require.

By applying a regulatory lens to a nonregulated part of our offering, the teams were able to enhance the overall proposition and make sure we can uphold the highest standards across our full range of products and services.



Governance in detail

Zenith is committed to conducting business with integrity, fairness, and transparency.

The business operates frameworks and embeds policies and procedures 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
- Executive Committee: 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

Data protection and information security frameworks

ISMS (ISO/IEC27001:13)

- Leadership
- Planning
- Support
- Operations
- · Performance evaluation
- Improvement

Cyber essentials

- Firewalls
- · Secure configuration
- · Security update management
- User access control
- Malware protection

Privacy management framework

- Accountability
- Policies and procedures
- · Risk management and data protection impact assessments
- Data subject rights
- Transparency
- · Records management
- · Contracts and data sharing

- · Third-party management
- Data retention
- · Incident management
- · Compliance monitoring and assurance
- Fair and lawful 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
- Executive Committee: 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

Consumer Duty framework in place ensuring

FCA policies and processes including vulnerable customers, arrears management, customer

Three lines of defence model - including operational control frameworks and compliance monitoring and assurance.

Oversight

- · Accountability: Leadership Board
- · Subject matter expert: Compliance Director
- Executive Committee: Consumer Executive Consumer Duty Dashboard, monthly compliance reporting, and detailed management information
- · Review of detailed conduct risk and customer outcomes management information, dedicated complaints, vulnerable customer, and arrears management review meetings

Training and awareness

- Group essential training (e-learning)
- · Daily questions via LMS
- Interactive workshops
- · Regular all-employee communications
- · Training and competence framework

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, competent and happy colleagues.

Financial Conduct Authority

The Group includes three legal entities which are authorised and regulated by the FCA: Zenith Vehicle Contracts Limited, ZenAuto Limited, and Leasedrive Limited. Provecta Car Plan Limited was deauthorised on 26 March 2025.

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 can 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.

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. Regular team huddles are held to discuss any updates, and daily reminder questions are delivered to colleagues. The champions meet regularly at the vulnerable customers forum to share best practice and areas of improvement. The forum creates quarterly newsletters on topics to assist other colleagues in assisting vulnerable customers.

(SM&CR) framework.

compliance with the three cross-cutting rule and four Consumer Duty outcomes leading to good customer outcomes.

outcomes, creditworthiness and affordability, complaint handling, product governance, and fair value.

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 27001:22 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 solution, 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 cyberattack 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).

Additionally, 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.

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 colleagues, 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 Compliance Manager and the Money Laundering Reporting Officer. Control adherence is assessed through first-line quality assurance programmes, second-line monitoring, and KPIs are included in monthly Board packs.

Business continuity

The continued success of Zenith depends on its ability to deliver continuous, high-quality service. The purpose of the business continuity management programme is to maintain robust and proven plans and procedures, enabling a fast and effective response in the event of any unforeseen disruption that threatens its people 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.

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 an inherent element of many commercial transactions, thus the Chief Financial Officer and the Group Finance Director (who is also the Senior Accounting Officer (SAO)) are involved in the decision-making process of material transactions and provide 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. We are committed to paying the right amount of tax at the right time, as a clear indication of our being responsible participants in society. We aim to do this by ensuring that we report our tax affairs in ways that reflect the economic reality of the transactions we undertake in the course of our trade. When conducting its day-to-day operations, the business will take advantage of available tax incentives, reliefs, and exemptions. 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 (GET) within two weeks of joining. This includes subjects such as financial crime, data protection, information security, FCA, health and safety, and sexual harassment. Existing colleagues receive annual refresher training, supplemented by ad hoc awareness campaigns. Completion of GET is a gateway to bonus for all eligible colleagues.

To continually assess awareness and to embed knowledge retention of these topics, colleague's

complete two daily questions 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 executive and oversight structures to ensure clear accountability and reporting lines, but also to facilitate the upward and downward flow of information and oversight.

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.

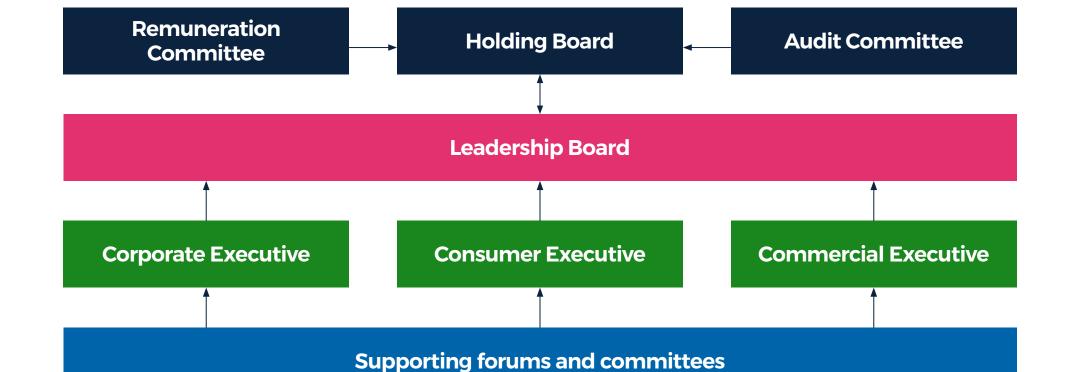
Leadership Board

As of 1 April 2025 the Leadership Board was renamed the Executive Committee.

With authority delegated from the Holding Board, the Executive Committee 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 Divisional 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 Executive Committee.



Board and committee structure and scope

Board/committee	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.
Assets and Liabilities Committee (ALCO)	The Assets and Liabilities Committee is responsible for overseeing and managing the Group's balance sheet risks, ensuring financial stability, profitability, compliance with contractual obligations under the funding agreements and associated regulatory requirements. Its primary focus includes managing key financial risks including: liquidity risk, funding risk, interest rate risk, and market risk.
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.
Corporate Executive (CorpE) Commercial Executive (ComE) Consumer Executive (ConE)	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.
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.
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.
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.

Board/committee	Scope
Diversity Committee (DI)	The Diversity Committee sets the vision and strategy for equity, diversity, and inclusion (ED&I) across the Zenith Group. It coordinates the activities undertaken by employees and our six focus groups, and supports communications and planning.
ESG Committee (ESG)	The Environmental, Social, and Governance (ESG) Committee is responsible for 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.
Health and Safety (H&S) Committee - Commercial division (H&S)	The Commercial Health and 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.
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.
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.
Residual Value Committee (RCV) Pricing Committee (PRC)	The Residual Value Committee (RVC) and Pricing Committee (PRC) review and evaluate the Group's RV 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.
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.
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.

Zenith Automotive Holdings Limited

Holding Board











07





01 / Lord Stuart Rose Chair

HB/AC/RC

Stuart has over 40 years' experience in the consumer and retail sectors, having served as Chief Executive at Argos, Booker, Arcadia Group, and Marks & Spencer, and as Chairman of Ocado. Stuart also chairs EG Group. He was knighted in 2008 for services to the retail industry and corporate social responsibility, and appointed to the House of Lords in 2014.

02/Richard Jones **Chief Executive Officer** (from 24 March 2025)

HB/LB/ConE/AC/RC

As CEO, Richard is responsible for the Group's long-term strategy, leading the Executive team, and developing people and leadership capabilities across the Group. With a 30-year career in financial services, he has held managing director positions at Lloyds Banking Group and MotoNovo. Richard was Chair of the Finance & Leasing Association from 2016 to 2021 and is a current member of the BVRLA Board.

03 / Mark Phillips **Chief Financial Officer**

HB/LB/AC/RC/ConE/SMR/RVC/PRC/CC

Mark has overall responsibility for the finance functions of the Group and also leads the Group's Risk Management, Treasury, and Legal team. 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.

04 / Patrick Fox **Investor and Bridgepoint Director** (from 18 July 2024)

HB/AC/RC

Patrick is a Senior Partner at Bridgepoint. He joined in 2002, establishing the Bridgepoint purchasing scheme delivering procurement best practice and savings to investee companies. Working on investments across Europe, Patrick currently sits on the boards of Cambridge Education, EVAC, and TuvTurk. Prior to joining Bridgepoint, he worked for JP Morgan and BNP Paribas. Patrick is a graduate of Oxford University.

05/Guy Weldon **Investor and Bridgepoint Director**

HB/RC

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.

06 / Manisha Patel **Assistant General Counsel** and Group Secretary

HB/AC/ESG

Manisha joined Zenith in 2012, prior to which she completed her training at DLA Piper before moving 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.

07/Tim Buchan **Chief Executive Officer** (until 21 March 2025)

HB/LB/AC/RC/ConE/DI

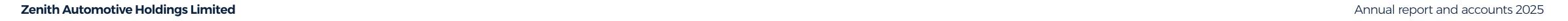
As CEO, Tim's responsibilities included the Group's corporate strategy and culture, its proposition, leadership team, and new business growth. Tim started his career with Zenith as Sales and Marketing Director in 2005, becoming Group Operations Director, and then CEO in 2010. Tim has also held positions for the BVRLA, supporting the overall interests of the UK leasing and rental sector.

08 / Emma Watford **Investor and Bridgepoint Director** (until 18 July 2024)

HB/AC/RC

Emma is Partner and Head of Sectors at Bridgepoint Europe and on the Board of Inspired Thinking Group. She sits on the Advisory Council of Level 20, aimed at improving gender diversity in the private equity industry. Emma is a graduate of Oxford University, with an MBA from Harvard **Business School.**





A-Z

Leadership **Board**¹

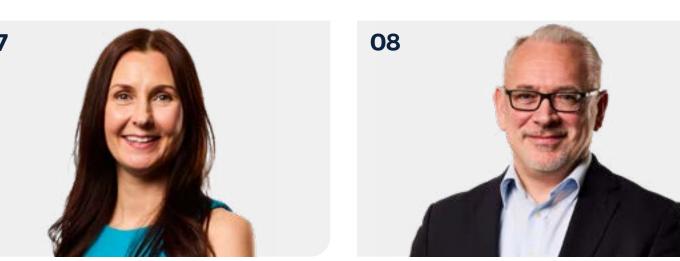
















01/lan Hughes **CEO - Corporate and Consumer division**

LB / CorpE / PRC / ConE

Ian is responsible for the both the Group's Corporate and Consumer division. He has worked with Zenith for over a decade, having joined as Commercial Director in 2010. Prior to Zenith, Ian held a wide range of roles with Budget Rent-a-Car from 1991 to 1998, Honda from 1998 to 2005, and Citroen from 2005 to 2010.

02/Martin Jenkins

CEO - Commercial division and Group Strategy Director

LB/ComE/RVC/H&S

Martin leads the Group's Commercial division and supports the Board on Group strategy. He joined Zenith in 2018 after a 28-year career with Deloitte where he was a Corporate Finance Partner and latterly Practice Senior Partner for the Yorkshire and North East region. He holds a BA in Human Geography and Economics from London University and is a Chartered Accountant and Fellow of the ICAEW.

03 / Andrew Kirby **Group Transformation Director** LB/H&S

Andrew leads the Group's transformation programme, having previously been CEO of Zenith Rental. 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 services, strategy and change. He holds an MBA from Cranfield and a Sloan Fellowship MSc from London Business School.

04 / Stuart Price

Chief People Officer and Interim Chief Information Officer

LB / ESG / RC / CF / DI

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 highperforming workforce. Before joining Zenith in 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.

05 / Nicola Brown **Group Finance Director**

LB / ConE

Nicola is responsible for financial reporting and control, financial planning, and analysis. Prior to joining Zenith in 2023, Nicola spent ten years at Walgreens Boots Alliance in several roles including Commercial FD for Boots UK and Global IT FD. Nicola has a BSc in Mathematics and Accounting from Newcastle University and is an ACCA fellow.

06 / James Edwards Group General Counsel

LB / ISB / ESG / SG / ISC / H&S / CF

James leads the Group's Legal and Compliance teams and company Secretariat, and provides strategic direction from a legal and regulatory perspective. Before joining Zenith in 2016, he worked at HSBC 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.

07/Gemma Bacon **Chief Marketing Officer** (until 31 December 2024)

LB / ESG / ConE

Gemma is Chief Marketing Officer for Zenith, responsible for leading the Group's brand and marketing strategy. Prior to being appointed CMO and joining the Executive Committee, Gemma was Marketing Director for Zenith's Consumer channel, ZenAuto. Gemma's career has largely been in financial and professional services firms including Mortgage Advice Bureau Plc. She holds an MSc in Management and Marketing from Nottingham Business School.

08 / Ian Gibson **Chief Information Officer** (until 1 May 2025)

LB / ISC / ConE

Ian leads our technology, systems, and information services strategy, and business change and transformation across the Group. 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. Ian is a management graduate of the University of Bradford and an ICAEW chartered accountant.

1. As of 1 April 2025 the Leadership Board was renamed the Executive Committee.



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 underlying 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. The Group's EBITDA excluding residual value profits and losses has increased from £27.8 million in the previous period to £28.5 million in the current year.

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 stresstesting 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 view includes the impact of extending the securitisation's revolving period to November 2026 within the EFP facility during the financial year and receiving the cash injection of £50.0 million as a zero-coupon junior mezzanine note by Bridgepoint into the EFP facility.

Directors' report

Directors' report

Zenith is the UK's leading independent leasing, vehicle outsourcing, and fleet management provider for cars, vans, trucks, and trailers, specified, sourced, funded, and managed. All delivered by trusted experts, award-winning service, and innovative technology.

Business review

The Directors present their annual report and audited financial statements for the year ended 31 March 2025.

The Group's operating profit before depreciation of owned tangible fixed assets, amortisation of goodwill, and intangible assets, change to accounting estimates of RVs of fleet fixed assets, exceptional items, and impairment of vehicle assets is £40.0 million (2024: £62.1 million). This measure of profit (adjusted EBITDA) is an important KPI for the Group.

The Group made a statutory operating loss of 81.6 million (2024: £49.7 million) and loss after tax for the period of £214.5 million (2024: £156.2 million), however, this was after deducting non-cash items of £58.4 million (2024: £57.4 million) for amortisation of goodwill and intangibles, release of impairment on vehicle assets of £18.2 million (2024: £51.4 million impairment of vehicle assets), impairment of intangible assets of £6.3 million (2024: £nil), and preference share and loan note interest of £92.1 million (2024: £84.0 million).

The Group is cash generative and is forecast to continue to be so for the foreseeable future.

Tim Buchan - Chief Executive Officer (retired 21 March 2025)

Richard Jones - Chief Executive Officer (from 24 March 2025)

Mark Phillips - Chief Financial Officer

Lord Stuart Rose - Chairman

Directors

Emma Watford - Non-Executive Director (resigned 18 July 2024)

Guy Weldon – Non-Executive Director

Patrick Fox - Non-Executive Director (appointed 18 July 2024)

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 (2024: £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.



Group at a glance

Since the balance sheet date, the Group has observed a further fall in the expected residual values of BEV's and has considered the impact on its forecasts. The Directors have concluded that the Group still has sufficient liquidity to continue as a going concern.

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 RCFs 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

There have been no post-balance-sheet events.

Charitable and political contributions

During the year the Group made charitable donations of £26,143 (2024: £17,256), principally to local charities serving the communities in which the Group operates. The Group made no political contributions in the year (2024: £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 on page 89 includes our total Scope 1, Scope 2, and Scope 3 value chain GHG emissions and our mandatory reporting of 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).

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 ICEs.

Notes

Our calculations have been made in accordance with the GHG Reporting Protocol - Corporate Standard, GHG Protocol - Corporate Value Chain (Scope 3) standard, using UK Government conversion factors and industry averages where supplier-specific data was not available. Our FY25 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 statement' to a limited assurance level.

The Scope 3 emissions disclosure includes all categories that sit within our operational boundary 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, use of sold products, end-of-life treatment of sold products, and downstream leased assets.





A-Z

Directors' report

Our near-term and long-term net zero carbon reduction targets were validated by Science Based Targets initiative (SBTi) in FY25. Further information on our carbon reduction targets can be found on page 22 and on the SBTi website here.

We are restating our FY24 figures due to improvements in data accuracy of our Scope 1 and 2 emissions, and the inclusion of Scope 3:category 11 (use of sold products) and Scope 3:category 12 (end-of-life treatment of sold products) as advised during our SBTi target validation review.

Statement on business relationships

The business relationships of the Company are discussed in the <u>S172(1)</u> section of the governance report.

Guidelines for Disclosure and Transparency in Private Equity

The Directors consider the annual report and accounts to comply with the Guidelines for Disclosure and Transparency in Private Equity.

Emissions table¹

Emissions table	Restated ²		
Category*	FY25	FY24	% change
Scope 1 (tCO ₂ e)	1,690.3	1,996.6	(15.3)%
Scope 2 (tCO₂e)			
Market-based	421.4	566.6	(25.6)%
Location-based	617.2	721.5	(14.4)%
Scope 3 total (tCO ₂ e)	1,132,841.7	1,082,238.9	4.7%
Upstream total	276,975.4	327,764.1	(15.5)%
Downstream total	855,866.3	754,474.8	13.4%
Total GHG emissions (tCO ₂ e)	1,135,149.2	1,084,957.0	4.6%
Direct GHG emissions (Scope 1 and 2) tCO ₂ e per employee	1.6	1.9	(16.4)%
Total GHG emissions (Scope 1, 2 and 3) tCO₂e per employee	765.4	742.6	3.1%
Direct GHG emissions (Scope 1 and 2) tCO ₂ e per £1million of turnover	2.7	3.4	(20.8)%
Total GHG emissions (Scope 1, 2 and 3) tCO₂e per £1million of revenue	1,343.4	1,376.8	(2.4)%
Total Scope 3 emissions per funded vehicle (75,514)	15.0	14.0	7.3%
SECR - Scope 1 and 2 GHG emissions and Scope 3 business car travel (tCO ₂ e)	2,373	2,781	(14.7)%
SECR - Scope 1 and 2 energy consumption and Scope 3 business car travel (kWh)	10,435,499	12,043,146	(13.3)%

^{*}See <u>page 75</u> for definitions and <u>page 89</u> for emissions calculation methodology.

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.
- 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 PhillipsDirector

18 July 2025

Auditor

^{1.} Our FY24 and FY25 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.

2. We are restating our FY24 figures due to improvements in data accuracy of our Scope 1 and 2 emissions, and the inclusion of Scope 3: Category 12 (end-of-life treatment of sold products) as advised during our SBTi target validation review.

Stakeholder engagement

The Holding Board recognises the business' responsibility to engage with stakeholders and has identified the following groups as Zenith's key stakeholders.











Customers

The planet **Supplier**

partners



Government, regulators, and industry bodies

Stakeholder

Business and consumer customers



What's important

- Reliability
- Customer service, support, and welfare
- Product range
- · Fair treatment, including selling practices and product definition
- · Solution design and life cycle management
- Vehicle decarbonisation
- · Information security and data privacy
- · Communication and problem resolution

Why we engage

Understanding our business and consumer customers' requirements through regular and personalised engagement allows us to provide them with the right products, services, digital journeys, and customer support to ensure good customer outcomes.

How we engage

Business customers:

- · 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.

Consumer customers:

- · 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 FCA's Consumer Duty in our ways of working.
- · Established complaints process and root cause analysis.
- · Industry studies and surveys undertaken by Zenith.

See our Corporate, Commercial, and Consumer sections to find out more.

Our people



- · Training, development, and career progression
- · Creating roles with purpose
- · Fair deal competitive pay and reward
- Thriving and inclusive culture
- Having inspiring leaders
- · Wellbeing support, and health and safety
- · Climate change

We engage with our people to ensure they feel valued, supported, and empowered to bring their true self to work. Through this engagement, 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.

- · Periodic third-party 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 and MyGPS 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 to find out more.

Stakeholder engagement

Stakeholder	What's important	Why we engage	How we engage
Investors	· Business model resilience	We engage with our investors to provide	· Our institutional equity investor, Bridgepoint, has representation on our Holding Board.
	Systemic risk management	updates on our strategy, performance, and opportunities, to ensure they have a good	 Monthly or quarterly briefings on business strategy, activities, and performance with employee shareholders.
	 Management of the legal and regulatory environment 	understanding of our position and to enable us to access capital.	 Quarterly results presentations and business updates to our bondholders and banking partners.
	 Transparent financial reporting 	•	· Regular dialogue with our ratings agencies.
	 Critical incident risk management 		· Regular dialogue and updates to our fleet funders.
	 Investing in a sustainability- driven business 		· Publish our financial year results and business highlights in our Annual Report.
Communities	 Quality employment and career opportunities 	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 local communities to create value through sustainable growth	 Zenith supports local schools and students with mentoring, work experience placements, interview skills, and career days.
	 Giving back to the community 		· Our colleagues volunteer and participate in community days led by local charities and councils.
	· Charitable fundraising		See our <u>Sustainability section</u> to find out more.
	· Climate change	and provide employment and support.	
	 Local air pollution 		
	 Biodiversity and land use 		
The planet	· Climate change	Whether it's supporting our customers	· Our People Powered Impact plan outlines our approach to supporting a healthy planet for
	· Local air pollution	with the transition to electric to support	future generations to enjoy.
	· GHG emissions	our vision or collaborating with our supply chain partners to reduce their impact, we	 We have an established ESG Committee that is responsible for designing and delivering our sustainability plan.
	 Deforestation 	engage with our stakeholders to help preserve the planet for future generations.	 Zenith maintains a climate risk register with clear processes to identify, manage, and control any
	 Biodiversity and land use 		climate-related risks or opportunities.
			· We carry out in-depth strategic reviews for our customers to reduce their fleet carbon emissions.
			See our <u>Sustainability section</u> to find out more.



Annual report and accounts 2025 Zenith Automotive Holdings Limited

Stakeholder engagement

Stakeholder What's important Why we engage How we engage We engage with supplier partners that share **Supplier partners** Supply chain management our values to develop long-term strategic · Sustainable procurement relationships. These partnerships enable us Product quality and safety to provide an incredible customer experience and ensure future profitability. Climate change ongoing risk management. supply chain. See our <u>Sustainability section</u> to find out more. · We actively respond to regulatory consultations, discussion papers, and annual business plans · Management of the legal, financial, We engage with regulatory consultations The Government. and regulatory environments and business plans through feedback and industry bodies, comment. This helps to create an open and regulators Treating customers fairly dialogue and ensures that Zenith's voice and · Selling practices and product interests are heard on the regulatory issues labelling that matter most.

Equity, diversity, and inclusion commitments, along with employee wellbeing, and health and safety

- Information security and data privacy
- · Business model resilience
- Promoting the industry's interests
- · Decarbonisation of road transport
- Product quality and safety

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 the Government and deliver value for our customers.

- · We have a dedicated Procurement team that governs the tender process and our ongoing supply partner relationships. Departmental business owners are assigned key supply partners.
- · Monthly supplier governance and risk forum responsible for identifying and managing all thirdparty risk through the completion of pre-contractual due diligence, in-life monitoring, and
- · Procurement Manager with dedicated KPIs to enable the sustainability agenda with our
- (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 Reg Data platform.
- · Active membership of regulatory and trade body working groups and committees.
- · Attendance at FCA training workshops on topics ranging from Consumer Duty to ESG matters.
- · 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.

See our Risk management section to find out more.

Section 172

The 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 regard to the matters set out in Section 172 of the Companies Act 2006*.

*In particular Section 172 (a) and (f)

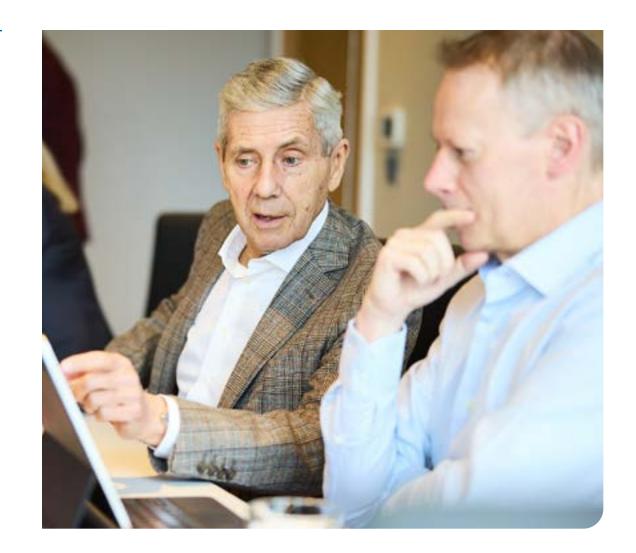
The Holding Board recognises that to progress our strategy and deliver on our vision, seeking the input and engagement of our stakeholders, and therefore understanding what matters most to them and the likely impact of any key decisions, is an essential part of its decision-making process. Zenith has a long history of engaging constructively with our stakeholders and details on how we engaged with different key stakeholders during FY25 can be found within the Stakeholder engagement section.

How the Holding Board fulfils its duties under Section 172

The Board receives updates from each of the divisional CEOs at monthly Board meetings and the Leadership Board¹ which detail any substantial engagement since the last meeting. Additionally, there are standing agenda items at every meeting to ensure that any relevant updates on key stakeholders are regularly communicated to the Board, via reports from internal subject matter experts and 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 Board is aware that sometimes stakeholders' interests may conflict and that they may need to prioritise interest. Led by the Chair, the Board ensures that Directors assess the impact of the decisions made and their long-term consequences on stakeholders.

The infographic below illustrates the Holding Board's decision-making process and how it ensures that it fulfils its duties under Section 172.



Setting our mission, purpose, and values

The 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 Board and committee structure ensures all of our stakeholder concerns are passed up to the Holding Board.

Board discussion and decision

Prior to making any strategic decision, the 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 Board receives regular updates, information, and KPIs from the sub-boards and committees which ensures that they are aware and conscious of stakeholder concerns.

1. The Leadership Board was renamed the Executive Committee in April 2025.

Case study

Changing our bonus scheme to incentivise the best colleague behaviours and drive underlying performance.

In May 2024, it became clear that under the existing bonus structure, which is built around Group profit including RV profits, there would be no bonus payout in FY25. As a key part of the Group's income, they have historically been relatively predictable, but have recently become more volatile and less easy to predict due to a number of factors including the impact of BEVs on the market, used car prices, and consumer confidence.

The Holding Board recognised the impact that this may have on colleagues' morale and wanted to maintain an incentive for teams to drive underlying performance in areas they can influence such as customer service, customer retention, cost control, margin management, and delivering change.

In collaboration with the Executive Committee, the Holding Board considered a temporary amendment to the structure to exclude residual values from the adjusted EBITDA target. The revised scheme retained a split of personal objectives and adjusted EBITDA elements with a minimum affordability threshold to protect the overall profitability of Zenith.

The Holding Board acknowledged that by prioritising long-term sustainability of the business over short-term profits, temporarily removing residual values from the adjusted EBITDA would enable colleagues to have more direct influence on underlying earnings. This created a bonus scheme that motivated colleagues to deliver against their objectives, and drive the underlying success of the business for this financial year and beyond.

Strategic pillars

Operate sustainably

Create the best employee experience

Be the leader in our chosen markets

Relevant stakeholders

Our customers

Our people

Investors

Case study

Closing our three workshops in England in response to the growth for mobile-based maintenance solutions.

The recent economic backdrop has been challenging for all fleet operators, and customers are increasingly looking for new ways of maintaining their fleets, with a preference towards more flexible and mobile solutions. Fixing and maintaining the vehicle whilst on the road, rather than driving them to static workshops, has many advantages – higher uptime, reduced emissions, and quicker response times.

In parallel, inflationary challenges in the market have increased the costs of running our workshops significantly, and despite substantial investment, the age, condition, and tenure of the three English locations we inherited through the Cartwright acquisition in 2020 led the Holding Board to question their long-term viability.

The Board consulted on a proposal to wind down the workshop-based operations in Leeds, Aldridge, and Skelmersdale, and transfer the work to our MSU fleet and third-party network. Considerations included: the impact on colleagues whose roles were at risk of redundancy and how we would support them; opportunities for redeployment; the impact on customers and ensuring continuity of service

throughout the process; and the impact on the businesses and communities around the sites, which would see a reduction in footfall. While there would be challenges in the short term, the Board recognised that by channelling our investment into building our mobile maintenance fleet and providing customers with a more agile approach to maintenance, which also reduced fleet miles and carbon emissions, was essential to adapt to the changing environment and position Zenith for future success.

Since closing the workshops, we've retained nearly 40% of the colleagues impacted, with 16 taking roles as MSU technicians.

Strategic pillars

Operate sustainably

Be the leader in our chosen markets

Make a positive impact on society

Relevant stakeholders

Business customers

Our people

The planet

Communities

Investors

Financial statements



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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 2025 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 of:

- · 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.



A-Z

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 group'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 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 used 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 managements 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 methodology applied in residual value impairment models for key assumptions including future value of current assets 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 the budgeted 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
- \cdot 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.

M. Fanhagn

Matthew Bainbridge FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP Statutory Auditor Leeds, United Kingdom 18 July 2025



Concolidated	l statement of	profit and loss
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For the year and ad 31 March 2025

For the year ended 31 March 2025							Restated*
J		For the					
		year ended					
		31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	_31 March 2024
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	3	836,864	790,150	176	4,560	837,040	794,710
Cost of sales		(730,049)	(651,674)	(1,759)	(5,710)	(731,808)	(657,384)
Gross profit		106,815	138,476	(1,583)	(1,150)	105,232	137,326
Operating expenses		(145,783)	(186,248)	(525)	(796)	(146,308)	(187,044)
Operating profit before depreciation of owned tangible fixed assets, amortisation of		42,171	63,938	(2,108)	(1,869)	40,063	62,069
goodwill, intangible assets, exceptional items, impairment and change of accounting estimates							
Depreciation of owned tangible fixed assets	4	(4,482)	(3,827)	-	(77)	(4,482)	(3,904)
Amortisation of goodwill	4	(24,362)	(24,362)	-	_	(24,362)	(24,362)
Amortisation of intangible assets	4	(34,031)	(33,054)	_	_	(34,031)	(33,054)
Operating exceptional items	4	(10,923)	(2,022)	_	_	(10,923)	(2,022)
Movement in vehicle impairment provision ⁽¹⁾	4	10,413	(51,352)	_	_	10,413	(51,352)
Impairment of intangible assets	4	(6,297)	_	_	_	(6,297)	_
Change of accounting estimates - fleet depreciation ⁽²⁾	4	(11,457)	2,907	-	_	(11,457)	2,907
Operating loss	4	(38,968)	(47,772)	(2,108)	(1,946)	(41,076)	(49,718)
Finance costs (net)	5	(132,951)	(123,025)	-	_	(132,951)	(123,025)
Loss before taxation		(171,919)	(170,797)	(2,108)	(1,946)	(174,027)	(172,743)
Tax credit		10,042	16,537	_	_	10,042	16,537
Loss for the financial period attributable to the shareholders of the group		(161,877)	(154,260)	(2,108)	(1,946)	(163,985)	(156,206)

Continuing operations

Discontinued operations(3)

Condensed consolidated statement of comprehensive income

For the year ended 31 March 2025	Note	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Loss for the financial period		(163,985)	(156,206)
Hedge losses arising during period	23	(6,730)	(12,858)
Tax Impact of hedge gains		1,683	3,214
Total comprehensive loss attributable to the shareholders of the group		(169,032)	(165,850)

- (1) The £10,413k movement in vehicle impairment provision consists of additional impairment to vehicles during the year to 31 March 2025 of £8,251k and a release of impairment from the prior year on vehicles sold during the year of £18,664k.
- (2) Residual values are periodically reviewed for appropriateness and if a significant change is identified in the residual value for a vehicle tangible fixed asset, then the asset's depreciation curve is amended accordingly. Change in accounting estimates - fleet depreciation represents the amount of additional or reduced depreciation on a vehicle fixed asset compared to the originally priced depreciation curve.
- (3) In June 2024, within the Commercial division, we closed our three workshops in England, and have classified the profit and loss results relating to these workshops as discontinued for the results for the period to 31 March 2025, and the comparative period to 31 March 2024.

Total

^{*}Prior year figures have been restated. See <u>note 27</u> for details.

Consolidated balance sheet			Restated*
As at 31 March 2025		As at 31 March 2025	As at 31 March 2024
	Note	£'000	£'000
Fixed assets			
Goodwill	10	294,125	318,483
Intangible assets	11	324,258	343,405
Tangible assets	12	1,038,337	1,031,044
		1,656,720	1,692,932
Current assets			
Inventory	14	8,228	7,258
Debtors			
- Due within one year	15	196,223	193,930
- Due after one year	15	171,529	169,837
Cash at bank and in hand		89,432	84,975
		465,412	456,000
Creditors: amounts falling due within one year	16	(543,831)	(558,127)
Net current liabilities		(78,419)	(102,127)
Total assets less current liabilities		1,578,301	1,590,805
Creditors: amounts falling due after more than one year	17	(2,101,670)	(1,943,190)
Provisions for liabilities	18	(80,982)	(90,150)
Net liabilities		(604,351)	(442,535)
Capital and reserves			
Called up share capital	19	271,546	271,546
Share premium account		2,444	2,444
Hedging reserve		(1,909)	3,139
Capital contribution reserve ⁽¹⁾		7,216	, _
Profit and loss account		(883,648)	(719,664)
Shareholders' deficit		(604,351)	(442,535)

^{*}Prior year figures have been restated. See <u>note 27</u> for details.

The accompanying <u>notes 1 to 27</u> 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 18 July 2025.

M.7.gully

M T Phillips, Director

Company balance sheet

Company Balance Sheet		As at	As at
As at 31 March 2025		31 March 2025	31 March 2024
	Note	£'000	£'000
Fixed assets			
Investments	13	32,508	32,508
		32,508	32,508
Current assets			
Debtors - due within one year	15	400,990	383,763
Cash at bank and in hand		19	19
		401,009	383,782
Creditors: amounts falling due within one year	16	(4,720)	(9,036)
Net current assets		396,289	374,746
Total assets less current liabilities		428,797	407,254
Creditors: amounts falling due after more than one	17	(303,271)	(251,040)
year Net assets		125,526	156,214
		-,-	
Capital and reserves			
Called up share capital	19	271,546	271,546
Share premium account		2,444	2,444
Profit and loss account		(148,464)	(117,776)
Shareholders' equity		125,526	156,214

The accompanying <u>notes 1 to 27</u> are an integral part of these financial statements.

The loss for the year ended 31 March 2025 was £30,688k (2024: 27,145k). 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 18 July 2025.

M.T.gull

M T Phillips, Director

⁽¹⁾ Capital contribution received relates to the benefit the Group has received from the Junior Mezzanine Loan being interest free.

Consolidated statement of changes in equity

As At 31 March 2025

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Hedging reserve £'000	Capital contribution reserve	Total £'000
At 1 April 2023	271,546	2,444	(563,457)	12,782	_	(276,685)
Loss for the financial period	_	_	(156,206)	_	_	(156,206)
Hedges of variable interest rate risk (note 22)	_	_	_	(12,858)	_	(12,858)
Deferred tax charge	_	_	_	3,214	_	3,214
Total comprehensive expense	_	-	(156,206)	(9,644)	-	(165,850)
At 31 March 2024	271,546	2,444	(719,663)	3,138	_	(442,535)
Loss for the financial period	_	_	(163,985)	_	_	(163,985)
Hedges of variable interest rate risk (note 22)	_	_	_	(6,730)	_	(6,730)
Deferred tax credit (note 18)	_	_	_	1,683	_	1,683
Total comprehensive expense	_	_	(163,985)	(5,047)	_	(169,032)
Capital contribution received(1)	_	_	_	_	7,216	7,216
At 31 March 2025	271,546	2,444	(883,648)	(1,909)	7,216	(604,351)

⁽¹⁾ Capital contribution received relates to the benefit the Group has received from the Junior Mezzanine Loan being interest free.

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.

At 31 March 2025	271,546	2,444	(148,464)	125,526
Loss for the financial year and total comprehensive expense	_	-	(30,688)	(30,688)
At 31 March 2024	271,546	2,444	(117,776)	156,214
Loss for the financial year and total comprehensive expense			(27,147)	(27,147)
At 1 April 2023	271,546	2,444	(90,629)	183,361
	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000

The accompanying notes 1 to 27 are an integral part of these financial statements.

Company statement of changes in equity

As At 31 March 2025



The accompanying <u>notes 1 to 27</u> are an integral part of these financial statements.

Restated*

Year ended

Year ended

Consolidated cash flow statement

For the year ended 31 March 2025

The accompanying <u>notes 1 to 27</u> 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 18 July 2025.

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 £22,574k (2024: £30,986k) that are not freely available for use by the Group. The accompanying notes 1 to 27 are an integral part of these financial statements.

		31 March 2025	31 March 2024
	Note	£'000	£'000
Operating loss		(41,076)	(49,718)
Adjustment for:			
Depreciation charges	4, 12	211,107	174,652
Movement in vehicle impairment provision	4, 12	(10,413)	51,352
Impairment of intangible assets	4, 11	6,297	-
Amortisation of goodwill and intangibles	10, 11	58,393	57,416
Profit on sale of tangible fixed assets		(6,472)	(36,308)
Operating cash flow before movement in working capital		217,836	197,394
Capital repayment received from finance lessees		24,151	2,854
Decrease in debtors		18,355	2,766
Increase in stock		(533)	(163)
Increase / (decrease) in creditors		12,924	(16,276)
Increase in provisions		1,115	2,953
Net cash inflow from operating activities		273,848	189,528
Income tax refunded / (paid)		2,695	(5,240)
Cash flows from investing activities			
Proceeds from sale of operating lease assets		188,326	196,953
(Purchase of unfunded operating lease assets) / Receipt from unfunded operating lease assets		(46,322)	14,748
Purchase of funded vehicle assets		(391,556)	(524,526)
Purchase of intangible assets		(21,181)	(16,803)
Purchase of non-fleet fixed assets		(489)	(482)
Net cash flows from investing activities		(271,222)	(330,110)
Cash flows from financing activities			
Repayments of borrowings		(421,429)	(332,264)
Drawdown of funding		441,556	524,526
Interest paid		(40,990)	(33,650)
Drawdown of revolving credit facility		20,000	_
Net cash flows (used in) / from financing activities		(863)	158,612
Net increase in cash and cash equivalents		4,457	12,788
Cash and cash equivalents at start of the year		84,975	72,187
Cash and cash equivalents at end of the period		89,432	84,975

^{*}Prior year figures have been restated. See <u>note 27</u> for details.

Notes to the financial statements

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 and Wales under the Companies Act. The address of the registered office is given on page 87. The nature of the Group's operations and its principal activities are set out in the Strategic Report from page 7.

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

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 underlying 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. The Group's EBITDA excluding residual value profits and losses has increased from £27.8 million in the previous period to £28.5 million in the year to 31 March 2025.

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 view includes the impact of extending the securitisation's revolving period to November 2026 within the EFP facility during the financial year and receiving the cash injection of £50.0 million as a zero-coupon junior mezzanine note by Bridgepoint into the EFP facility.

Since the balance sheet date the Group has observed a further fall in the expected residual values of BEVs and has considered the impact on its forecasts. The Directors have concluded that the Group still has sufficient liquidity to continue as a going concern.

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

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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,

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. Revenue

Revenue arises entirely from sales to customers in the UK and Ireland and is generated wholly from the Group's principal business activity. During the period, the Directors elected to apply the adapted IAS format in presenting the income statement. This led to 'turnover' being replaced by 'revenue', which includes income from the Company's financing trade, not just goods and services.

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 revenue 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

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 an individual asset 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

I. 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.
- 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.

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.

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.

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.

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 2025 was £30.7 million (2024: £27.1 million). 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

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

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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.

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.

x. Discontinued operations

A discontinued operation is a component of the business that has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area. The results of the discontinued operations are presented in a separate column in the profit and loss account, and prior period comparatives are restated where applicable. During the year, we closed our three workshops in England within the Commercial division. The results relating to these workshops have been presented separately from our continued operations within the profit and loss account.

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 loss given default in its provision over the performing book to be a key judgement within expected credit loss provisioning, given the low level of defaulted customers leading to limited experience of credit losses in previous periods. 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)

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 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 recognising an impairment to the extent that the recoverable amount was lower than the carrying value. In some cases, the recoverable amount was lower than the carrying value and in aggregate an impairment provision of £51.4 million was 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.

The Group has considered the movement in residual value prices during the year ended 31 March 2025 to determine whether any further indicators of impairment exist at 31 March 2025. There were some cohorts of vehicles for which the residual value had fallen and therefore the Group assessed the recoverable amount of vehicles in these cohorts 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 2025.

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.
- c) The discount rate applied to the future cash flows.

The Group concluded that a further impairment was required, albeit smaller in magnitude than in the prior period. An impairment provision of £6.7 million was recognised against vehicle fixed assets and £1.1 million was recognised against vehicles subject to repurchase agreements. Coupled with the remaining impairment provision from the previous period, as at 31 March 2025 the total impairment provision across the Group's vehicles was £40.5 million (March 2024: £51.4 million), split between impairment provision on vehicle fixed assets of £26.0 million (March 2024: £36.1 million) and impairment provision on vehicles subject to repurchase agreements of £14.5 million (March 2024: £15.2 million).

The book value of residual values included in vehicles leased to customers under operating leases, within tangible fixed assets, amounts to £715.2 million (2024: £673.5 million) and the book value of residual values included in vehicles subject to repurchase agreements amounts to £135.3 million (2024: £115.2 million), giving a total book value of residual values of £850.5 million, as at 31 March 2025 (2024: £788.7 million.)

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 2025 amounts to £23.0 million (2024: £22.5 million).

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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 £294.1 million (2024: £318.5 million). No impairment loss was recognised during the year ended 31 March 2025 (2024: £nil). The carrying amount of acquired intangible assets at the balance sheet date was £279.6 million (2024: £302.9 million). No impairment loss was recognised during the year ended 31 March 2025 (2024: £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).

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 five years, with a long-term growth rate of 2% (2024: 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 £36 million (2024: £184 million).

Management has considered the impact of a number of reasonable downside scenarios in which future residual value profits are lower than anticipated, the impact of the Project Volt extension programme is less than expected and the growth in the fleet is lower than expected. Before considering mitigating actions, some of these scenarios could result in an impairment of the goodwill and intangible assets carrying value. However, management has identified mitigating actions that they could take, primarily focused on short-term capital expenditure reductions and other discretionary spending cuts to offset the negative impacts from the downside scenarios and support the existing carrying value of the goodwill and acquired intangible assets. However, due to uncertainties in the underlying cash flow forecasts, the range of possible outcomes extends from no impairment to an impairment of £50.3 million (8.8% of the carrying value).

Due to challenging market conditions, an indicator of impairment was identified with respect to capitalised computer software intangibles within Zen Auto in the Consumer division. A value in use calculation was performed by discounting relevant Zen Auto expected future cash flows to present value. This resulted in a recoverable amount that was lower than the carrying value and the computer software intangibles were impaired by £6.3 million (2024: £nil).

3. Revenue		Restated*
	Year ended 31 March 2025	Year ended 31 March 2024
An analysis of the Group's revenue by class of business is set out below:	£'000	£'000
Long term leases	464,881	410,491
Vehicle sales	213,630	214,668
Other ⁽¹⁾	151,631	164,035
Finance lease interest income	6,898	5,515
	837,040	794,710

*Prior year figures have been restated. See <u>note 27</u> for details.

(1) Other revenue includes fleet management and outsource fees, daily rental and other miscellaneous income.

Vehicle sales revenue 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 revenue was all derived from operations within the United Kingdom and Ireland.

During the period the Directors elected to apply the adapted IAS format in presenting the income statement. This led to 'turnover' being replaced by 'revenue', which includes income from the Company's financing trade, not just goods and services.



4. Operating profit

Operating profit is stated after charging/(crediting):		Restated_	
		Year ended	Year ended
		31 March 2025	31 March 2024
	Note	£'000	£'000
Depreciation of tangible fixed assets (note 12)	12		
Owned		1,088	1,116
Company cars		3,394	2,788
Leased to customers		195,167	173,655
Change of accounting estimates - fleet depreciation(1)		11,457	(2,907)
Operating lease rentals		3,579	2,838
Impairment of trade debtors	15	1,189	799
Amortisation of goodwill	10	24,362	24,362
Amortisation of intangibles	11	34,031	33,054
Operating exceptional items	6	10,923	2,022
Impairment of intangible assets	11	6,297	_
Movement in vehicle impairment provision	12	(10,413)	51,352

^{*}Prior year figures have been restated. See <u>note 27</u> for details.

The analysis of the auditor's remuneration is as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Fees payable to the Company's auditor and its associates for:		
- The audit of the Company's annual accounts	432	402
- The audit of the Company's subsidiaries	470	438
Total audit fees	902	840
Other assurance services	-	216
Taxation compliance services	38	73
Other taxation advisory services	191	124
Corporate finance fees	18	_
Other non audit services	43	36
Total non-audit fees	290	449
Total fees	1,192	1,289

5. Finance costs (net)

Pestated*

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Senior secured notes coupons	30,790	30,960
Other finance charges	9,449	7,492
Finance costs (on other items)	40,239	38,452
Loan note interest	39,870	35,624
Preference share returns	52,231	48,338
Other finance charges	611	611
Finance costs (on shareholder instruments)	92,712	84,573
Finance costs (net)	132,951	123,025

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.

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⁽¹⁾ Residual values are periodically reviewed for appropriateness and if a significant change is identified in the residual value for a vehicle tangible fixed asset, then the asset's depreciation curve is amended accordingly. Change in accounting estimates - fleet depreciation represents the amount of additional or reduced depreciation on a vehicle fixed asset compared to the originally priced depreciation curve.

6. Exceptional items and changes in accounting estimates

The Group incurred the following exceptional items:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Transformation, project and restructuring costs ¹	10,923	1,910
Asset impairment ²	-	112
Total exceptional items	10,923	2,022

^{1.} These costs relate to relevant expenditure within business and finance transformation projects, including, but not limited to, dualrunning costs and restructuring costs...

In respect of the exceptional costs in the year ended 31 March 2025, the cash payment relating to the exceptional costs was £4,842k, with the remainder being costs accrued relating to the year, but due to be settled in the following financial year.

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 of £1,910k, but the asset impairment (in respect of the write-down in carrying value of vehicles) was a non-cash cost of £112k.

£8,123k of transformation, project and restructuring costs were disallowable for tax purposes. For the remaining exceptional items there was a deduction at the prevailing rate of corporation tax.

7. Staff costs

The average monthly employees (including executive directors) was:

	Year ended 31 March 2025 Number	Year ended 31 March 2024 Number
Office, sales, and management staff	1,278	1,312
The aggregate remuneration comprimised:	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Wages and salaries	58,796	54,864
Social security costs	5,820	5,637
Other pension costs (see note 21)	2,743	2,724
Total staff costs	67,359	63,225

There are no employees in Zenith Automotive Holdings Limited.

^{2.} In the year ended 31 March 2023 there was a write-down of new vehicle stocks purchased for the ZenAuto and salary sacrifice selling channels. The £112k recognised in the year ended 31 March 2024 also relates to the write-down of stock vehicles, reflecting the final loss crystallised on these vehicles.

9. Tax on loss on ordinary activities

8. Directors' remuneration and transactions

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Directors' remuneration		
Emoluments	1,537	1,220
	1,537	1,220

	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 exercised any share options and no shares were received in respect of long-term incentive scheme during the current or previous year.

	Year ended	Year ended
	31 March 2025	31 March 2024
	£'000	£'000
Remuneration of the highest paid director:		
Emoluments	571	616

The tax (credit)/charge comprises:

The tax (credit)/criarge comprises.	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Current tax on loss		
UK corporation tax	8	7
Adjustment in respect of previous periods	(1,450)	199
Total current tax	(1,442)	207
Deferred tax		
Origination and reversal of timing differences	(10,141)	(17,386)
Adjustment in respect of previous periods	1,541	642
Total deferred tax	(8,600)	(16,744)
Total tax credit on loss	(10,042)	(16,537)
Other comprehensive expense items:		
Deferred tax current period credit	(1,683)	(3,214)

Corporation tax is calculated at 25% (2024: 25%) of the estimated assessable profit/losss for the year. There have been no tax rate changes in the current or prior periods.

Factors affecting the total tax (credit)/charge for the current period

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Loss before tax	(174,027)	(172,743)
Loss multiplied by the standard rate of corporation tax in the UK of 25% (2024: 25%)	(43,507)	(43,186)
Effects of:		
 Expenses not deductible for tax purposes 	33,373	25,810
- Adjustments in respect of previous periods	92	842
 Movement in deferred tax not recognised 	-	(3)
Total tax (credit)/charge	(10,042)	(16,537)

10. Goodwill

Group	£'000
Cost	
At March 2024	487,311
At March 2025	487,311
Accumulated amortisation	
At 31 March 2024	168,831
Charge for the year	24,362
At 31 March 2025	193,193
Net book value	
At 31 March 2025	294,125
At 31 March 2024	318,483
At 31 March 2025	· · · · · · · · · · · · · · · · · · ·

Company:

As at 31 March 2025 the Company only financial statements contain goodwill of £nil (2024: £nil).

11. Intangible assets		Restated*		
	Customer	Computer	Assets under	Restated*
	intangibles	software	construction	Total
Group	£'000	£'000	£'000	£'000
Cost				
At March 2024	465,931	75,738	4,059	545,728
Additions in the year	_	75	21,105	21,180
Reclassification	_	5,813	(5,813)	
At March 2025	465,931	81,626	19,351	566,908
Accumulated amortisation				
At 31 March 2024	163,076	39,247	_	202,323
Charge for the year	23,297	10,734	_	34,031
Impairment	_	6,273	24	6,297
At 31 March 2025	186,373	56,254	24	242,651
Net book value				
At 31 March 2025	279,558	25,372	19,327	324,258
At 31 March 2024	302,855	36,491	4,059	343,405

^{*}Prior year figures have been restated. See <u>note 27</u> for details.

Amortisation of intangible assets is charged as an operating expense. The remaining amortisation period of the customer intangibles is 8 years.

Due to challenging market conditions, capitalised computer software within Zen Auto in the Consumer division was impaired by £6.3 million.

Company:

As at 31 March 2025 the Company only financial statements contain goodwill of £nil (2024: £nil).

12. Tangible fixed assets

		Restated*	Vehicles leased	
		Equipment,	to customers	
	Land and	fixtures	under operating	Restated*
	buildings	and fittings	leases'	Total
Group	£'000	£'000	£'000	£'000
Cost				
At March 2024	1,745	20,911	1,407,662	1,430,318
Transfer to other asset classes ⁽¹⁾	_	_	(6,511)	(6,511)
Additions in the year	_	489	396,618	397,107
Transfer to stock ⁽¹⁾	_	_	(8,243)	(8,243)
Disposals	_	(769)	(348,470)	(349,239)
At March 2025	1,745	20,631	1,441,056	1,463,432
Accumulated depreciation and impairment				
At 31 March 2024	105	16,978	382,191	399,274
Depreciation charge for the year	35	1,126	209,946	211,107
Movement in vehicle impairment provision(2)	_	_	(10,097)	(10,097)
Transfer to stock	_	_	(1,994)	(1,994)
Disposals	_	(296)	(172,898)	(173,195)
At 31 March 2025	140	17,808	407,147	425,095
Net book value				
At 31 March 2025	1,605	2,823	1,033,909	1,038,337
At 31 March 2024	1,640	3,933	1,025,471	1,031,044

Restated*

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.

Future minimum lease payments receivable under non-cancellable operating leases captured as fixed assets are summarised as below:

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Within one year	200,943	206,705
Between one and five years	251,119	275,504
More than five years	1,162	3,230
	453,224	485,439

No contingent rentals have been included as income.

Company:

As at 31 March 2025 the Company only financial statements contain goodwill of £nil (2024: £nil).

Changes in accounting estimates

Under FRS 102, we are obliged to reassess residual values of fixed assets, and therefore depreciation, where there has been an indication of change to those residual values, such as changes in market prices.

We have twice recently made a re-assessment of residual values on our funded fleet, to the extent those assets are accounted for as fixed assets, as a change in accounting estimate due to a significant and sustained change in vehicle prices. The re-assessments were made as at 1 April 2022 due to a sustained increase in used vehicle prices and as at 1 April 2024 due to a sustained decline in used vehicle prices, especially Battery Electric Vehicles. The cohorts of vehicles that have their residual values re-assessed are then tracked on a quarterly basis with an impact on our profit and loss account for the subsequent quarters.

As at 31 March 2024 we had observed a cumulative reduction in depreciation of £33.7 million from the reassessment made at 1 April 2022. The re-assessment made at 1 April 2024 is expected to reverse this reduction in depreciation over future quarters and, to the extent that residual values are now lower than originally priced residual values, accelerate depreciation further.

In the year to 31 March 2025, we slowed depreciation on vehicle assets we continued to hold by £13.8 million and reversed adjustments on sold vehicles that had previously reduced depreciation to the amount of £25.1 million. This resulted in a total of £11.5 million additional depreciation recognised in the profit and loss during the year.

A-Z

^{*}Prior year figures have been restated. See note 27 for details.

⁽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 Transfer to stock line reflects the transfer of these assets from tangible fixed assets to inventories at 31 March 2025. During the year to 31 March 2025 there were also non-cash transfers of vehicle fixed assets to debtors, reflecting a change in funding for the vehicle and therefore a different balance sheet classification. These are reflected in the 'transfer to other asset classes' line.

⁽²⁾ In the year to 31 March 2025 impairment of vehicles leased to customers under operating leases of £8,251k was recognised (March 2024: £36,142k). Also during the year to 31 March 2025 impairment from the previous period was written back to the statement of profit and loss when the vehicle was sold of £18,664k.

As at

As at

13. Fixed asset investments

Company subsidiary undertakings:	31 March 2025 £'000	31 March 2024 £'000
Cost and net book value	32,508	32,508

At 31 March 2025 the Company held, directly and indirectly, 100% of the allotted ordinary share capital of the following¹:

	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%*

^{*}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.



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14 Inventories

14. IIIVCIICOIICS	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Raw materials and consumables	1,980	1,278
Stock vehicles	6,248	5,980
	8,228	7,258

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 £8,219k (2024: £7,709k).

The amount of stock vehicles recognised as an expense during the period is £175,336k (2024: £197,909k).

15. Debtors	Group as at	Company as at	Group as at	Company as at
	31 March 2025 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2024 £'000
Amounts falling due within one year:				
Trade debtors	77,695	-	87,401	_
Amounts receivable under hire purchase contracts	6,720	-	10,948	_
Amounts receivable under securitised contracts	25,016	-	18,486	_
Vehicles subject to repurchase agreements	29,539	-	12,702	_
Amounts owed by Group undertakings	-	399,212	-	381,840
Other debtors	13,637	42	22,984	42
Corporation tax	4,940	-	6,192	_
Fair value of hedging instruments	1,811	-	8,955	_
Prepayments and accrued income	36,865	1,736	26,262	1,881
	196,223	400,990	193,930	383,763
Amounts falling due after more than one year:				
Amounts receivable under hire purchase contracts	17,922	-	21,647	_
Amounts receivable under securitised contracts	44,134	-	38,843	_
Vehicles subject to repurchase agreements	105,744	-	102,513	_
Amounts owed by Group undertakings	-	-	_	_
Prepayments and accrued income	3,729	_	6,834	
	171,529	_	169,837	_
	367,752	400,990	363,767	383,763

All the Group's trade debtors have been reviewed for impairment and where necessary a provision for impairment provided. The trade debtors figure within the above table is stated net of a provision of £1,537k (2024: £1,525k). The value of the bad and doubtful debts allowance within the income statement is £1,189k (2024: £799k).

Amounts owed by Group undertakings are unsecured, repayable on demand and accrue a fixed commercial rate of interest.

16. Creditors – amounts falling due within one year

	as at	as at	as at	as at
	31 March 2025	31 March 2025	31 March 2024	31 March 2024
	£'000	£'000	£'000	£'000
Obligations under finance leases and hire purchase contracts	24,330	-	102,220	_
Obligations under securitised contracts	313,242	-	289,678	_
Vehicles subject to repurchase agreements	34,890	-	14,420	_
Trade creditors	61,536	-	61,724	_
VAT	396	-	4,376	_
Other taxation and social security	2,029	-	1,937	_
Other creditors	9,476	-	31,404	_
Accruals and deferred income	73,756	-	48,322	_
Amounts owed to other Group undertakings	-	4,720	_	9,036
Fair value of hedging instruments	4,176	_	4,046	_
Revolving credit facility	20,000	_	_	
	543,831	4,720	558,127	9,036

Group

Company

Group

Company

Amounts owed to other Group undertakings are unsecured, repayable on demand, and charged at a fixed commercial rate of interest. Within obligations under securitised contracts, there is £16,169k which relates to the junior mezzanine note owed to Bridgepoint. The Group's related party transactions and relationships are described in note 24.

17. Creditors - amounts falling due after more than one year

	31 March 2025 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2024 £'000
Senior secured notes	471,159	-	469,452	_
Obligations under finance leases and hire purchase contracts	158,070	-	125,083	_
Obligations under securitised contracts	616,775	-	594,469	_
Vehicles subject to repurchase agreements	114,862	-	116,173	_
Loan notes	437,533	-	386,973	_
Preference share interest	303,271	303,271	251,040	251,040
	2,101,670	303,271	1,943,190	251,040

Company

Group

Group

Company

Within obligations under securitised contracts, there is £27,005k which relates to the junior mezzanine note owed to Bridgepoint. The Group's related party transactions and relationships are described in <u>note 24</u>. The senior secured notes, issued in January 2022, carry a coupon of 6.50% per annum, paid semiannually 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 2025 £'000	Company as at 31 March 2025 £'000	Group as at 31 March 2024 £'000	Company as at 31 March 2024 £'000
Obligations under finance leases and hire purchase contracts				
Within one to five years	158,070	-	125,083	_
On demand or within one year	24,330	-	102,220*	
	182,400	-	227,303	_
Obligations under securitised contracts				
More than five years	2,180	-	-	_
Within one to five years	614,595	-	594,469	_
On demand or within one year	313,242	-	289,678	_
	930,017	_	884,147	_

^{*}This figure was incorrectly disclosed as £95,148k in the prior year published financial statements. It has been corrected in these financial statements.

18. Provisions for liabilities

	Deferred taxation £'000	Maintenance costs £'000	Total £'000
Group			
At 31 March 2024	67,647	22,503	90,150
Debited to profit and loss account	(10,141)	70,207	60,066
Credited to other comprehensive income ⁽¹⁾	(1,683)	_	(1,683)
Adjustment in respect of prior years	1,541	_	1,541
Utilisation of provision	_	(69,092)	(69,092)
At 31 March 2025	57,364	23,618	80,982

(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 2025 £'000	As at 31 March 2024 £'000
Accelerated capital allowances	(313)	(4,802)
Short term timing differences	(661)	586
Non-trading timing differences	63,910	75,714
Tax losses	(5,571)	(3,851)
Provision for deferred tax	57,364	67,647

Non-trading timing differences

The deferred tax liability directly relates to the customer intangible assets (note 11). This liability will unwind over a 20-year period in line with movements of the customer intangible asset balances. The amount of deferred tax assets not recognised as at 31 March 2025 is £2k (2024: £2k).

Company

As at 31 March 2025 the Company only financial statements contain provisions of £nil (2024: £nil).

19. Called up share capital

	As at 31 March 2025 £'000	As at 31 March 2024 £'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 2025 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 2025		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



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20. Notes to the cash flow

An analysis of the Group's net senior debt is set out below:

	As at 1 April 2024	Cash flows	Other non- cash charges	As at 31 March 2025
Cash at bank and in hand	84,975	4,457	_	89,432
Senior secured notes	475,000	_	_	475,000
Unamortised loan arrangement costs	(5,548)	-	1,707	(3,841)
Net senior debt	384,477	4,457	1,707	381,727

	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	(8,158)	_	2,611	(5,548)
Net senior debt	394,655	12,788	2,611	384,477

There were drawings of £20,000k and no repayments of the super senior revolving credit facilities during the year ended 31 March 2025. 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).

21. Financial commitments

Group

a. Capital commitments

At the end of the year the Group had contracted capital commitments of £228,957k (2024: £320,531k) 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 2025 the amount secured under this guarantee was £nil (2024: £nil). 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.

c. Buy-back commitments

The Group had commitments to purchase vehicles at the expiry of loans as follows:

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Within one year	-	53
Within two to five years	-	_
Net senior debt	-	53

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.

During the year to 31 March 2025, the remaining vehicles in Provecta Car Plan Limited were sold and there are no commitments at the balance sheet date.

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 £2,743k (2024 £2,241k). The amount unpaid as at 31 March 2025 was £477k (2024: £395k).

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 2025 £'000	As at 31 March 2024 £'000
Amounts due:		
Within one year	3,119	3,260
Within two to five years	9,718	9,060
More than five years	5,535	1,166
	18,372	13,486

Company:

The Company has no financial commitments for the year ended 31 March 2025 (2024: £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 2025 is a liability of £2,365k (2024: £4,909k asset)

	Note	£'000	£'000
Financial assets Measured at fair value and designated in an effective hedging relationship – Derivative financial assets	23	1,811	8,955
Debt instruments measured at amortised cost - Loans receivable	15	229,074	205,139
Measured at undiscounted amount receivable - Trade and Other Receivables	15	96,271	116,577
As at 31 March		327,156	330,671

	Note	2025 £'000	2024 £'000
Financial liabilities			
Measured at fair value and designated in an effective hedging relationship - Derivative financial liabilities	23	4,176	4,046
Measured at amortised cost			
- Loans payable	16, 17	928,693	856,427
- Obligations under finance leases	16, 17	1,262,169	1,242,042
Measured at undiscounted amount payable - Trade and other creditors	16, 17	450,463	398,803
As at 31 March		2,645,501	2,501,318

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 2025 £'000	As at 31 March 2024 £'000
Fair value losses and gains On derivative financial assets designated in an effective hedging relationship	(6,730)	(12,858)
	(6,730)	(12,858)

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.

Non-current

as at

Non-current

as at

Current

as at

23. Derivative financial instruments

	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
Group Derivatives that are designated and effective as hedging instruments are carried at fair value				
Interest rate swaps and caps	_	_	(2,365)	4,909

Current

as at

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 prir	ncipal value	Fair value ass	set/(liability)
Outstanding receive floating pay fixed contracts	As at 31 March 2025 %	As at 31 March 2024 %	As at 31 March 2025 £'000	As at 31 March 2024 £'000	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Less than 1 year	3.7%	2.6%	332,663	293,106	184	4,342
1 to 2 years	4.5%	3.6%	282,310	274,855	(1,428)	2,021
2 to 5 years	4.3%	4.6%	266,217	290,300	(1,110)	(1,442)
More than 5 years	4.5%	4.5%	2,085	3,035	(11)	(14)
			883,275	861,296	(2,365)	4,907

The interest rate swaps and caps settle on a monthly 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 £5,047k (2024: £9,644k) were recognised in other comprehensive income.

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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 2025 £'000	Year ended 31 March 2024 £'000
Salary and short-term benefits	3,938	3,335
Group contribution to money purchase pension scheme	90	90
Compensation for loss of office	270	172
	4,298	3,597

Amounts included in the table above reflect the remuneration of the 16 (2024: 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 £125k 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 £250k (2024: £250k).

In March 2025, Bridgepoint injected £50,000k into the EFP facility as a zero coupon junior mezzanine note. The amount owed to Bridgepoint as at 31 March 2025 was £50,000k and the discounted value of the note on the balance sheet is £43,174k and is disclosed as part of obligations under securitised contracts.

25. Ultimate controlling party

As of 31 March 2025, 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

There are no post balance sheet events to disclose.

27. Restatement: Prior period adjustments

a. Correction of finance lease income on contract purchase leases

The Group classifies its contract purchase leases as finance leases and recognises the associated finance lease interest income within revenue.

For these lease contracts, revenue, and cost of sales were incorrectly inflated by the customer repayment amount in the Group's financial statements for the year ended 31 March 2024. As a result, the revenue and cost of sales figures for the year ended 31 March 2024 have been corrected in these financial statements by reducing revenue by £9.0 million and by reducing cost of sales by £9.0 million.

There is no impact to the Group's gross profit, EBITDA or underlying performance of the business.

These adjustments impact the following tables, which are included below:

- · Consolidated statement of profit and loss
- · Note 3 (Revenue)



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b. Allocation of transactions between revenue and cost of sales

During the year, the Group identified some errors in the classification of certain transactions between revenue and cost of sales. Transactions previously recognised as revenue should have been disclosed as cost of sales, and vice versa. The correct allocation of historical transactions between revenue and cost of sales increases revenue by £14.0 million and increases cost of sales by £14.0 million in the year ended 31 March 2024. This correction has been made in these financial statements.

There is no impact to the Group's gross profit, EBITDA or underlying performance of the business.

These adjustments impact the following tables, which are included below:

- Consolidated statement of profit and loss
- Note 3 (Revenue)

c. Duplication of revenue and cost of sales associated with lease contracts

The Group identified that in the previous year the revenue and cost of sales within the Commercial division for two customers had been incorrectly duplicated. This led to revenue and cost of sales being £2.1 million too high in the year ended 31 March 2024. This error has been corrected in these financial statements.

These adjustments impact the following tables, which are included below:

- · Consolidated statement of profit and loss
- · Note 3 (Revenue)

d. Re-allocation of assets between intangible and tangible assets

In the Group's financial statements for the year ended 31 March 2024, a portion of computer software assets already capitalised was 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 2024 has increased by £3.1 million, with a corresponding decrease in the net book value of tangible assets of £3.1 million. Depreciation on these assets of £1.2 million during the year ended 31 March 2024 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 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)

e. 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 included as an adjustment to operating profit in the cash flow statement of the Group's financial statements for the year ended 31 March 2024 and have been corrected in these financial statements. As a result, release of deferred financing costs in the comparative period to 31 March 2024 is £5.1 million lower, than was originally disclosed (now being £nil) and decrease in debtors is £5.1 million lower.

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 below:

· Consolidated cash flow statement

f. Allocation and recognition of initial customer payment on lease contracts

In some lease agreements the customer will make an upfront payment to the Group. This payment should be deferred onto the balance sheet and released to the profit and loss statement as income throughout the life of the lease. However, the Group was incorrectly netting the initial payment against the vehicle fixed asset addition. As a result, the vehicle fixed asset balance sheet value was too low, the associated depreciation was too low and the long term lease income was too low by the same amount. The relevant corrections have been made in these financial statements.

Compared to the figures previously published, as at 31 March 2024, the tangible fixed asset value has increased by £4.9 million, the creditors falling due within one year (accruals and deferred income) has increased by £4.9 million, and for the year-ended 31 March 2024 the depreciation has increased by £3.5 million and the revenue (long-term leases) has increased by £3.5 million.

There is no impact to gross profit or the underlying performance of the business.

These adjustments impact the following tables below:

- · Consolidated statement of profit and loss
- · Consolidated cash flow statement
- · Note 3 (Revenue)
- Note 12 (Tangible fixed assets)
- · Note 16 (Creditors amounts falling due within one year)

Zenith Automotive Holdings Limited Annual report and accounts 2025 Notes to the financial statements

Note 27 (continued)

Prior period adjustments Consolidated statement of profit and loss

	As reported £'000	Adjustment (27a) £'000	Adjustment (27b) £'000	Adjustment (27c) £'000	Adjustment (27d) £'000	Adjustment (27f) £'000	As restated £'000
Revenue	788,450	(9,033)	13,962	(2,119)	_	3,450	794,710
Cost of sales	(651,124)	9,033	(13,962)	2,119	_	(3,450)	(657,384)
Gross profit	137,326	_	_	_	_		137,326
Operating expenses	(187,044)	_	_	_	_		(187,044)
Operating profit before depreciation of owned tangible fixed assets, amortisation of goodwill, intangible assets, and exceptional items	62,069	_	_	_	_	-	62,069
Depreciation of owned fixed assets	(5,067)	_	_	_	1,163	-	(3,904)
Amortisation of goodwill	(24,362)	_	_	_	_	-	(24,362)
Amortisation of intangible assets	(31,892)	_	_	_	(1,162)	-	(33,054)
Operating exceptional items	(2,022)	_	_	_	_	-	(2,022)
Movement in vehicle impairment provision	(51,352)	_	_	_	_	-	(51,352)
Change of accounting estimates - fleet depreciation	2,907	_	_	_	_	_	2,907
Operating profit	(49,718)	_	_	_	_	_	- (49,718)
Finance costs (net)	(123,025)	_	_	_	_	-	(123,025)
Loss before taxation	(172,743)	_	_	_	_	-	(172,743)
Tax charge	16,537	_	_	_	_	-	16, 537 -
Loss for the financial period attributable to the shareholders of the group	(156,206)	_	_	_	_	-	(156,206)



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Prior period adjustments Consolidated balance sheet

	As reported £'000	Adjustment (27d) £'000	Adjustment (27f) £'000	As restated £'000
Fixed assets				
Goodwill	318,483	_	-	318,483
Intangible assets	340,311	3,094	-	343,405
Tangible assets	1,029,191	(3,093)	4,947	1,031,044
	1,687,985	_	4,947	1,692,932
Current assets				
Inventory	7,258	_	-	7,258
Debtors				
- Due within one year	193,930	_	-	193,930
– Due after one year	169,837	_	-	169,837
Cash at bank and in hand	84,975	_	_	84,975
	455,999	_	-	456,000
Creditors: amounts falling due within one year	(553,180)	_	(4,947)	(558,127)
Net current liabilities	(97,181)	_	(4,947)	(102,127)
Total assets less current liabilities	1,590,804	_	-	1,590,805
Creditors: amounts falling due after more than one year	(1,943,190)	_	-	(1,943,190)
Provisions for liabilities	(90,149)	_	-	(90,150)
Net liabilities	(442,535)	_	-	(442,535)
Capital and reserves				
Called up share capital	271,546	_	_	271,546
Share premium account	2,444	_	_	2,444
Hedging reserve	3,139	_	_	3,139
Profit and loss account	(719,664)	_		(719,664)
Shareholders' deficit	(442,535)	_	_	(442,535)

Notes to the financial statements Note 27 (continued)

Prior period adjustments Consolidated cash flow statement

	As reported £'000	(27d) £'000	(27e) £'000	(27f) £'000	As restated £'000
Operating profit/(loss)	(49,718)	_	_	_	(49,718)
Adjustment for:	, ,				. , ,
Depreciation charges	172,365	(1,163)	_	3,450	174,652
Movement in vehicle impairment provision	51,352	_	_	-	51,352
Amortisation of goodwill and intangibles	56,253	1,163	_	-	57,416
Release of deferred financing costs	(5,125)	_	5,125	-	_
Profit on sale of tangible fixed assets	(36,337)	_	_	29	(36,308)
Operating cash flow before movement in working capital	188,790	_	5,125	3,479	197,394
Capital repayment received from finance lessees	2,854	_	_	-	2,854
(Increase) / decrease in debtors	7,891	-	(5,125)	_	2,766
(Increase) / decrease in stock	(163)	_	_	-	(163)
(Decrease)/ increase in creditors	(13,425)	_	_	(2,851)	(16,276)
(Decrease)/ increase in provisions	2,953	_	_	-	2,953
Net cash inflow from operating activities	188,900	_	_	628	189,528
Income tax (paid)	(5,240)	_	_	-	(5,240)
Cash flows from investing activities					
Proceeds from sale of operating lease assets	196,953	_	_	-	196,953
Receipt from unfunded operating lease assets	15,376	_	_	(628)	14,748
Purchase of funded vehicle assets	(524,526)	_	_	-	(524,526)
Purchase of non-fleet fixed assets	(16,803)	_	_	-	(16,803)
Purchase of intangible assets	(482)	_	_	-	(482)
Net cash flows from investing activities	(329,482)	_	_	(628)	(330,110)
Cash flows from financing activities					
Repayments of borrowings	(332,264)	_	_	-	(332,264)
Drawdown of funding	524,526	_	_	-	524,526
Interest paid	(33,650)	_	_	-	(33,650)
Net cash flows from financing activities	158,612	_	_	-	158,612
Net decrease in cash and cash equivalents	12,788			_	12,788
Cash and cash equivalents at start of the year	72,187	_		_	72,187
Cash and cash equivalents at end of the period	84,975			_	84,975

Adjustment

Adjustment

Adjustment

Notes	to the	financial	statements

Note 27 (continued)

Prior period adjustments		Adjustment	Adjustment	Adjustment	Adjustment	
Note 3 (Revenue)	As reported	(27a)	(27b)	(27c)	(27f)	As restated
	£'000	£'000	£'000	£'000	£'000	£'000
Long term leases	431,917	(9,033)	(13,724)	(2,119)	3,450	410,491
Vehicle sales	251,947	_	(37,279)	_	-	214,668
Other	104,586	_	59,450	-	-	164,036
Finance lease interest income	_	_	5,515	_	-	5,515
	788,450	(9,033)	13,962	(2,119)	3,450	794,710

Prior period adjustments	Adjustment				
Note 4 (Operating profit)	Note	As reported £'000	(279) £'000	Change in presentation	As restated £'000
Depreciation of tangible fixed assets	12				
Owned		2,279	(1,163)	-	1,116
Company cars		2,788	_	-	2,788
Held under finance leases and hire purchase contracts		167,298	_	6,357	173,655
Change of accounting estimates - fleet depreciation		(2,907)	_	-	(2,907)
Operating lease rentals		2,838	_	_	2,838
Impairment of trade debtors		799	_	_	799
Amortisation of goodwill		24,362	_	_	24,362
Amortisation of intangibles		31,892	1,162	_	33,054
Operating exceptional items		2,022	_	-	2,022
(Release of impairment on vehicles sold) / impairment of fleet vehicles		51,352	_	_	51,352



Notes to the financial statements

Note 27 (continued)

Prior period adjustments Note 11 (Intangible assets)

	As reported				
Group	Customer intangibles £'000	Computer software £'000	Assets under construction £'000	Total £'000	
Cost					
At March 2023	465,931	57,044	107	523,082	
Additions in the year	_	12,852	3,952	16,804	
At March 2024	465,931	69,896	4,059	539,886	
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	_	199,575	
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	

	Adjustment (27d)					
Group	Customer intangibles £'000	Computer software £'000	Assets under construction £'000	Total £'000		
Cost						
At March 2023	_	5,842	_	5,842		
Additions in the year	_	_	_	_		
At March 2024	_	5,842	_	5,842		
Accumulated amortisation						
At 31 March 2023	_	1,585	_	1,585		
Charge for the year	-	1,163	_	1,163		
At 31 March 2024	_	2,748	_	2,748		
Net book value						
At 31 March 2024	_	3,094	_	3,094		
At 31 March 2023	_	4,256	_	4,256		

Notes to the financial statements Note 27 (continued)

Prior period adjustments Note 11 (Intangible assets) continued

	As restated					
Group	Customer intangibles £'000	Computer software £'000	Assets under construction £'000	Total £'000		
Cost						
At March 2023	465,931	62,886	107	528,924		
Additions in the year	_	12,852	3,952	16,804		
At March 2024	465,931	75,738	4,059	545,728		
Accumulated amortisation						
At 31 March 2023	139,780	29,488	-	169,268		
Charge for the year	23,297	9,758	_	33,055		
At 31 March 2024	163,077	39,246	-	202,323		
Net book value						
At 31 March 2024	302,854	36,492	4,059	343,405		
At 31 March 2023	326,151	33,397	107	359,655		

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Prior period adjustments Note 12 (Tangible assets)

Note 27 (continued)

Notes to the financial statements

	As reported					
			Vehicles leased			
		Equipment,	to customers			
	Land and	fixtures,	under operating			
	buildings	and fittings	leases'	Total		
Group	£'000	£'000	£'000	£'000		
Cost						
At March 2023	1,745	26,316	1,226,715	1,254,776		
Additions in the year	_	482	473,443	473,925		
Stock Transfer	_	_	(9,821)	(9,821)		
Disposals	_	(45)	(294,303)	(294,348)		
At 31 March 2024	1,745	26,753	1,396,034	1,424,532		
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	172,364		
Impairment charge for the year	_	_	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	1,020,523	1,029,191		
At 31 March 2023	1,675	8,864	956,988	967,527		

		Adjustment (27d)				
			Vehicles leased			
		Equipment,	to customers			
	Land and	fixtures,	under operating			
	buildings	and fittings	leases'	Total		
Group	£'000	£'000	£'000	£'000		
Cost						
At March 2023	_	(5,841)	_	(5,841)		
Additions in the year	_	_	_	_		
Stock Transfer	_	_	_	_		
Disposals	_	_	_	_		
At 31 March 2024	_	(5,841)	_	(5,841)		
Accumulated depreciation						
and impairment						
At 31 March 2023	_	(1,585)	_	(1,585)		
Depreciation charge for the year	_	(1,162)	_	(1,162)		
Impairment charge for the year	_	_	_	_		
Stock transfer	_	_	_	_		
Disposals	_	_	_	_		
At 31 March 2024	_	(2,747)	_	(2,747)		
Net book value						
At 31 March 2024	-	(3,093)	_	(3,093)		
At 31 March 2023	_	(4,256)	_	(4,256)		

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Notes to the financial statements Note 27 (continued)

Prior period adjustments
Note 12 (Tangible assets) continued

Trote 12 (Tarigible assets) com		Adjust	ment (27f)		
	Vehicles leased				
		Equipment,	to customers		
	Land and	fixtures,	under operating		
	buildings	and fittings	leases'	Total	
Group	£'000	£'000	£'000	£'000	
Cost					
At March 2023	_		11,207	11,207	
Additions in the year	_		628	628	
Stock Transfer	_		_	_	
Disposals	_		(208)	(208)	
At 31 March 2024	_		11,628	11,628	
Accumulated depreciation					
and impairment					
At 31 March 2023	_		3,409	3,409	
Depreciation charge for the year	_		3,450	3,450	
Impairment charge for the year	_		_	_	
Stock transfer	_		_	_	
Disposals	_		(179)	(179)	
At 31 March 2024	_		6,681	6,681	
Net book value					
At 31 March 2024	_		4,947	4,947	
At 31 March 2023	_		7,798	7,798	

	As restated			
	Vehicles leased			
		Equipment,	to customers	
	Land and	fixtures,	under operating	
	buildings	and fittings	leases'	Total
Group	£'000	£'000	£'000	£'000
Cost				
At March 2023	1,745	20,475	1,237,922	1,260,143
Additions in the year	_	482	474,071	474,553
Stock Transfer	_	_	(9,821)	(9,821)
Disposals	-	(45)	(294,511)	(294,556)
At 31 March 2024	1,745	20,912	1,407,662	1,430,319
Accumulated depreciation				
and impairment				
At 31 March 2023	70	15,867	273,136	289,073
Depreciation charge for the year	35	1,130	173,487	174,652
Impairment charge for the year	_	_	36,142	36,142
Stock transfer	_	_	(4,009)	(4,009)
Disposals	_	(19)	(96,565)	(96,584)
At 31 March 2024	105	16,978	382,192	399,274
Net book value				
At 31 March 2024	1,640	3,935	1,025,470	1,031,044
At 31 March 2023	1,675	4,608	964,786	971,069

Note 27 (continued)

Prior period adjustments

Note 16 (Creditors - amounts falling due within one year)

Group	As reported £'000	Adjustment (27f) £'000	As restated £'000
Obligations under finance leases and hire purchase contracts	102,220	_	102,220
Obligations under securitised contracts	289,678	_	289,678
Vehicles subject to repurchase agreements	14,420	_	14,420
Trade creditors	61,724	_	61,724
VAT	4,376	_	4,376
Other taxation and social security	1,937	_	1,937
Other creditors	31,404	_	31,404
Accruals and deferred income	43,375	4,947	48,322
Fair value of hedging instruments	4,046	_	4,046
	553,180	4,947	558,127

Prior period adjustments Note 22 (Financial instruments)

	Adjustment		
	As reported	(27f)	As restated
Group	£'000	£'000	£'000
Financial liabilities			
Measured at fair value and designated in an effective hedging relationship			
- Derivative financial liabilities (see note 23)	4,046	_	4,046
Measured at amortised cost			
- Loans payable (see notes 16 and 17)	856,427	_	856,427
- Obligations under finance leases (see notes 16 and 17)	1,242,042	_	1,242,042
Measured at undiscounted amount payable			
- Trade and other creditors (see notes 16 and 17)	393,856	4,947	398,803
As at 31 March	2,496,371	4,947	2,501,318

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 Glossary 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 revenue 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 Glossary for a reconciliation to statutory measures.
Adjusted gross profit excluding RV profits*	Adjusted gross profit as explained above, but before Residual Value profits.
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 Glossary 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 Glossary for a reconciliation to statutory measures.
Adjusted EBITDA excluding RV profits*	Adjusted EBITDA as explained above, but before Residual Value profits. Given the recent volatility in residual value profits, which is also expected to be temporary, this measure excludes RV profits from adjusted EBITDA to show the underlying performance of the business.
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 Glossary 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 is comprised of freely available cash plus available headroom under the £65 million Revolving Credit Facility plus undrawn amounts relating to assets within the EFP securitisation facility that are encumbered but drawings have not been utilised.
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.
Residual value (RV) profits/(losses)*	Residual value profits or losses are calculated as the income received from selling a vehicle less the written down value of the vehicle. They include end of contract income, customer profit share, vehicle disposal costs, and are shown in aggregate; with profits shown net of losses.

^{*}We have added these APMs - excluding RV profits - to reflect the underlying performance of the business; removing the temporary and unique impact of the volatility in RV profits as a result of significant market transition.

Zenith Automotive Holdings Limited Annual report and accounts 2025



Abbreviation and term definitions

Term	Definition
APS	Announced pledges scenario
B2B	Business-to-business
B2B2E	Business-to-business-to-employee
B2C	Business-to-consumer
ВСН	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.
СМО	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

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

Term	Definition
SM&CR	Senior Manager and Certification Regime
SME	Small and medium-sized enterprise
SMMT	Society of Motor Manufacturers and Traders
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

In June 2024, within the Commercial division, we closed our three workshops in England, and have classified the profit and loss results relating to these workshops as discontinued for the results for the year to 31 March 2025 and the year to 31 March 2024. The profit and loss related tables below represent the continuing operations, excluding the results of the workshops that were closed, and including the results of the Glasgow workshop, which we have retained.

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Reconciliation of loss for the financial periods to adjusted EBITDA

		Restated*
	Year ended	Year ended
	31 March 2025	31 March 2024
	£'000	£'000
Loss for the financial period attributable to the shareholders of the group	(161,877)	(154,260)
Tax credit on loss	(10,042)	(16,537)
Finance costs (on shareholder instruments)	92,712	84,573
Finance costs (on other items)	40,239	38,451
Operating exceptional items	10,923	2,022
Amortisation of intangible assets*	34,031	33,054
Amortisation of goodwill	24,362	24,362
Depreciation of owned fixed assets*	4,482	3,827
Movement in vehicle impairment provision	(10,413)	51,352
Impairment of intangible assets	6,297	_
Changes to accounting estimates of RVs of fleet fixed assets	11,457	(2,907)
Adjusted EBITDA	42,172	63,938

^{*}Prior year figures have been restated. See <u>note 27</u> for details.

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.

Reconciliation of change in cash & cash equivalents to adjusted operating cash flow

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Net increase in cash & cash equivalents	4,457	12,788
Add back / (Deduct):		
Financing - interest paid	33,188	33,650
Refinancing costs paid	7,801	_
Corporation tax (refunded) / paid	(2,695)	5,240
Purchase of intangible assets	21,181	16,803
Purchase of non-fleet fixed assets	489	482
Net cash received from EFP securitisation facility Junior mezzanine note drawdown	(19,413)	_
Adjusted operating cash flow	45,008	68,963



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Non-statutory cash flow presentation: adjusted EBITDA to adjusted operating cash flow to net increase in cash and cash equivalents for the period

	31 March 2025 £'000	31 March 2024 £'000
Adjusted EBITDA - Continuing operations	42,172	63,938
Adjusted EBITDA - Discontinued operations	(2,108)	(1,869)
Adjusted EBITDA - Total operations	40,064	62,069
Change in working capital, including vehicle funding and payments	9,786	8,805
Exceptional items	(4,842)	(1,910)
Adjusted operating cash flow	45,008	68,963
Cash conversion percentage	112.3%	111.1%
Purchase of intangible assets	(21,181)	(16,803)
Purchase of non-fleet fixed assets	(489)	(482)
Net cash received from EFP securitisation facility junior mezzanine note drawdown	19,413	-
Corporation tax paid	2,696	(5,240)
Cash flow before acquisitions and corporate financing	45,447	46,438
Financing - interest paid	(33,189)	(33,650)
Refinancing costs paid	(7,801)	_
Net increase in cash and cash equivalents	4,457	12,788

Year ended

Year ended

2024

2025

Asset value vs debt

Glossary

		book value	book value
Assets	Assets held in	(£m)	(£m)
Operating leases	Vehicles leased to customers	1,033,909	1,025,471
Contract purchase	Debtors - amounts receivable under HP agreements	93,792	89,924
Agency funding	Debtors - vehicles subject to repurchase agreements	135,283	115,215
Total		1,262,984	1,230,610
Impairment add-back		40,513	51,352
Total (excluding impact of the impairment)		1,303,497	1,281,962
Debt			
Amounts payable under securitised contracts	Creditors - obligations under securitised contracts	930,017	884,147
Amounts payable under finance leases	Creditors - obligations under finance leases and HP contracts	182,400	227,303
Amounts payable under repurchase agreements	Creditors - vehicles subject to repurchase agreements	149,752	130,593
Total		1,262,169	1,242,043
Junior mezzanine note add-back		(50,000)	_
Total (excluding junior mezzanine note)		1,212,169	1,242,043
Net asset value		(814)	(11,433)
Net asset value (excluding impact of the impairment and the junior mezzanine note)		91,328	39,918

^{*}Debtors - amounts receivable under JP agreements were incorrectly disclosed as £82,852k in the prior year financial statements and Creditors - obligations under finance leases and HP contracts were also incorrectly disclosed as £220,231k in the prior year financial statements.

The subsequent totals were also incorrectly disclosed by these amounts.

There was no impact to the net asset value disclosed from the correction of these items.

The tables on this page are based on continuing operations only and reconcile between the consolidated statement of profit and loss and the CFO statement.

Reconciliation of cost of sales to adjusted cost of sales

		Restated*
	For the	For the
	year ended	year ended
	31 March 2025	31 March 2024
	£'000	£'000
Cost of sales – statutory*	(730,049)	(651,674)
Deduct change to accounting estimates of RVs of fleet fixed assets	11,457	(2,907)
Adjusted cost of sales	(718,592)	(654,581)

^{*}Prior year figures have been restated. See <u>note 27</u> for details.

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Reconciliation of gross profit to adjusted gross profit

	For the year ended 31 March 2025 £'000	For the year ended 31 March 2024 £'000
Gross profit - statutory	106,814	138,475
Deduct change to accounting estimates of RVs of fleet fixed assets	11,457	(2,907)
Adjusted gross profit	118,272	135,568

Reconciliation of operating expenses to adjusted operating expenses

		Restated*	
	For the year ended 31 March 2025 £'000	For the year ended 31 March 2024 £'000	
Operating expenses	(145,782)	(186,248)	
Depreciation of owned fixed assets*	4,482	3,827	
Amortisation of goodwill	24,362	24,362	
Amortisation of intangible assets*	34,031	33,054	
Operating exceptional items	10,923	2,022	
Movement in vehicle impairment provision	(10,413)	51,352	
Impairment of intangible assets	6,297	_	
Adjusted operating expenses	(76,100)	(71,631)	

^{*}Prior year figures have been restated. See <u>note 27</u> for details.

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 revenue, 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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Cash conversion	For the year ended 31 March 2025 £'000	For the year ended 31 March 2024 £'000
Adjusted EBITDA - continuing operations Adjusted EBIDTA - discontinued operations	42,172 (2,108)	63,938 (1,869)
Adjusted EBITDA total operations	40,064	62,069
Adjusted operating cashflow	45,008	68,963
Cash conversion total operations	112.3%	111.1%

Reconciliation of profit on sale of tangible fixed assets to cash

Glossary

	For the year ended 31 March 2025 £'000	For the year ended 31 March 2024 £'000
NBV of vehicles disposed per fixed assets note	(175,572)	(157,667)
NBV of vehicles sold in period that were previously held for sale	(5,809)	(2,952)
NBV of fixtures and fittings disposed	(473)	(26)
Total NBV of tangible fixed assets disposed	(181,854)	(160,645)
Proceeds from sale of tangible fixed assets	188,326	196,953
Profit on sale of tangible fixed assets	6,472	36,308



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