Zenith
Intelligent Vehicle Solutions

DRIVING SUSTAINABILITY

FY2022 ANNUAL RESULTS & BUSINESS UPDATE

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AGENDA

1. **Business update and highlights for FY2022**
2. **Automotive market conditions**
3. **Financial performance**
4. **Guidance and outlook**
5. **Closing remarks, Q&A**

Presenters:

Tim Buchan	CEO
Mark Phillips	CFO
Martin Holland	Deputy CFO

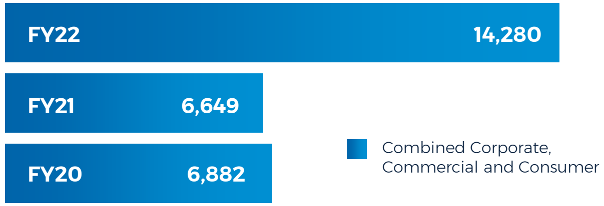
PAVING THE ROAD TO NET ZERO FOLLOWING A RECORD YEAR OF PERFORMANCE

Despite the challenges of COVID-19 and automotive supply disruption, our record performance is testament to Zenith's strategy and business model... we look forward with confidence to playing a key role in decarbonising the UK vehicle parc in years to come.

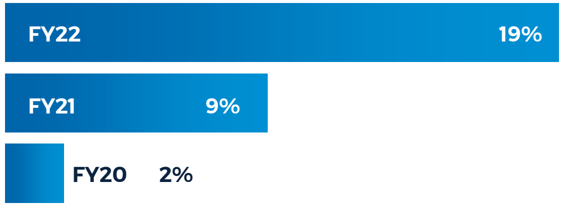
THREE DECADES OF GROWTH

FLEET SIZE

CLOSING ORDER BANK



FUNDED FLEET (CORPORATE) BEVs



HIGHLIGHTS

- **Zenith continues to grow and develop**
- **Increased fleet to over 160k vehicles**
- **Record profits**
- **Business model = robust performance**
- **Highest ever order take**
- **Launched Diversity & Inclusion agenda**
- **Significant levels of investment**

ZENITH IN NUMBERS: A GROWING BUSINESS WITH A HUGE MARKET OPPORTUNITY

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THE MARKET OPPORTUNITY FOR ZENITH

UK VEHICLE PARC
40m

TOTAL ADDRESSABLE VEHICLE PARC
15.6m

TOTAL FLEET
162k

OUR FINANCIAL STRENGTH

TURNOVER
£589.1m
+20%

GROSS PROFIT
£136.2m
+32%

ADJUSTED EBITDA
£78.2m
+27%

OUR CHANGING BUSINESS

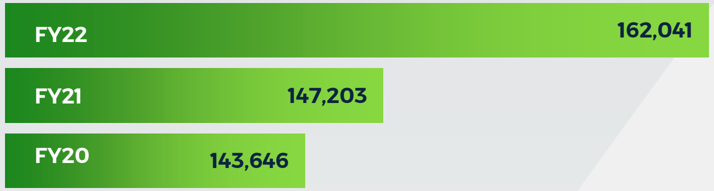
BATTERY ELECTRIC VEHICLES (BEVs) AS % OF FUNDED FLEET
19%
Excludes commercial vehicles

BEV AS % OF TOTAL FUNDED ORDER BOOK
58%

EMPLOYEE GROWTH
1,213
+192 in the year

GROWING FLEET CONSISTENTLY IN PAST THREE YEARS

TOTAL FLEET SIZE



TOTAL FUNDED FLEET SIZE

All figures correct as of 31 March 2022
Adjusted EBITDA is after adding back the losses of ZenAuto

A CLEAR DIRECTION: OUR PURPOSE, VISION, STRATEGY AND VALUES

PURPOSE
To provide sustainable, innovative vehicle mobility solutions..

VISION
To decarbonise the UK vehicle parc by eliminating tailpipe emissions.

STRATEGY
Zenith has a five point strategy

- **Be pre-eminent in our chosen markets**
- **Embed sustainability throughout the business**
- **Be the employer of choice in our sector**
- **Make a positive impact on society**
- **Create value for our stakeholders**

KEY FACTORS DRIVING ZENITH'S SUCCESS

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COMBINATION OF UNIQUE QUALITIES

ONE ZENITH

A unique multi-asset, multi-service platform, Zenith offers the full range of vehicle types, across a full range of channels, and a full range of service solutions.

QUALITY OF SERVICE

Zenith has a strong reputation for consistently delivering great service to its customers underpinned by its culture and values.

INDEPENDENCE

Independent ownership and financing enables the Group to be agnostic regarding vehicle make, powertrain and funder.

KEY ENABLERS

POWERED BY PEOPLE

Our people culture has always been central to our success; the Zenith People Promise will ensure this continues.

REINFORCED WITH TECHNOLOGY

Zenith continues to make significant investments in tech to deliver a single, fully-scalable asset management platform.

SCALABLE AND SUSTAINABLE FUNDING

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

2021/2022 HAS BEEN A YEAR OF STRONG GROWTH FOR ZENITH

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FINANCIAL KPIS

GROSS PROFIT
£136.2m +32%

ADJUSTED EBITDA
£78.2m +27%

REPORTED EBITDA
£74.8m +29%

CASH CONVERSION
80%

Cash Conversion is stated before the impact of the deferred VAT repayments under the Covid-19 deferral scheme

NON-FINANCIAL KPIS

FUNDED FLEET
70,155 units +5%

MANAGED FLEET
91,886 units +14%

EMPLOYEE ENGAGEMENT
2 Star Best Company
for the third year running

CUSTOMER EXPERIENCE
4.8 stars
on Trustpilot which is industry-leading

"2 star" is the second-highest accreditation and represents 'outstanding' commitment to workplace engagement

NOTABLE ACHIEVEMENTS IN 2021/2022

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01

DELIVERING ON OUR DECARBONSATION MISSION

Achieved carbon neutral status, verified by Carbon Footprint

Joined EV100, committing to transition cars and vans procured for customers before 2030

Joined the Business Ambition for 1.5°C campaign

Spent £60m on BEVs in two months to March 2022, against our two-year £475m+ green bond commitment

58% of order bank was BEV

02

DELIVERING ON OUR PEOPLE PROMISE

Maintained 2 star Best Companies performance

Launched diversity and inclusion strategy

Enhanced strategic capabilities in consumer marketing, maintenance ops, contact centre ops and technology / digital

Repaid furlough support payments

03

DELIVERING SUSTAINABLE FINANCING

Delivered new £725m securitisation facilities that support the majority of our funded fleet (August 2021)

Raised the £475m green bond (January 2022)

POSITIVE FLEET GROWTH AND DIVISIONAL PERFORMANCE

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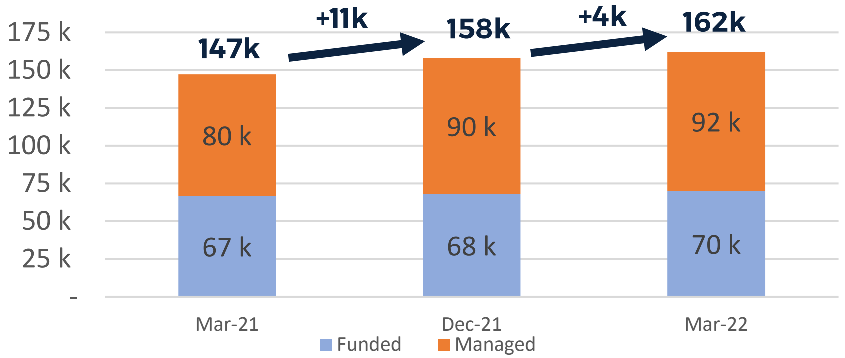
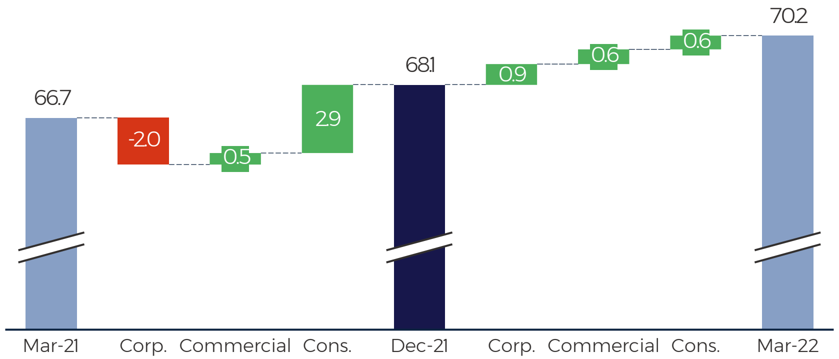
DELIVERING FLEET GROWTH

Continued growth in Q4

FUNDED AND MANAGED FLEET (units, '000)



FUNDED FLEET BRIDGE (units, '000)



HIGHLIGHTS IN Q4

CORPORATE

Continued growth in Salary Sacrifice

Notable customer wins in Salary Sacrifice (roll-on over medium term)

Rental days continue to increase despite vehicle shortages amongst rental providers

COMMERCIAL

Trailer utilisation percentage remains in mid-90s

Systems transformation continues

CONSUMER

Fleet broadly doubled in FY22, despite supply challenges

Innovation: e.g. free BEV chargers, used temporary cars while customers await new vehicle

Development of above-the-line marketing

LATENT GROWTH CONTINUES TO BUILD IN ORDER BANK THROUGH Q4 AND INTO Q1

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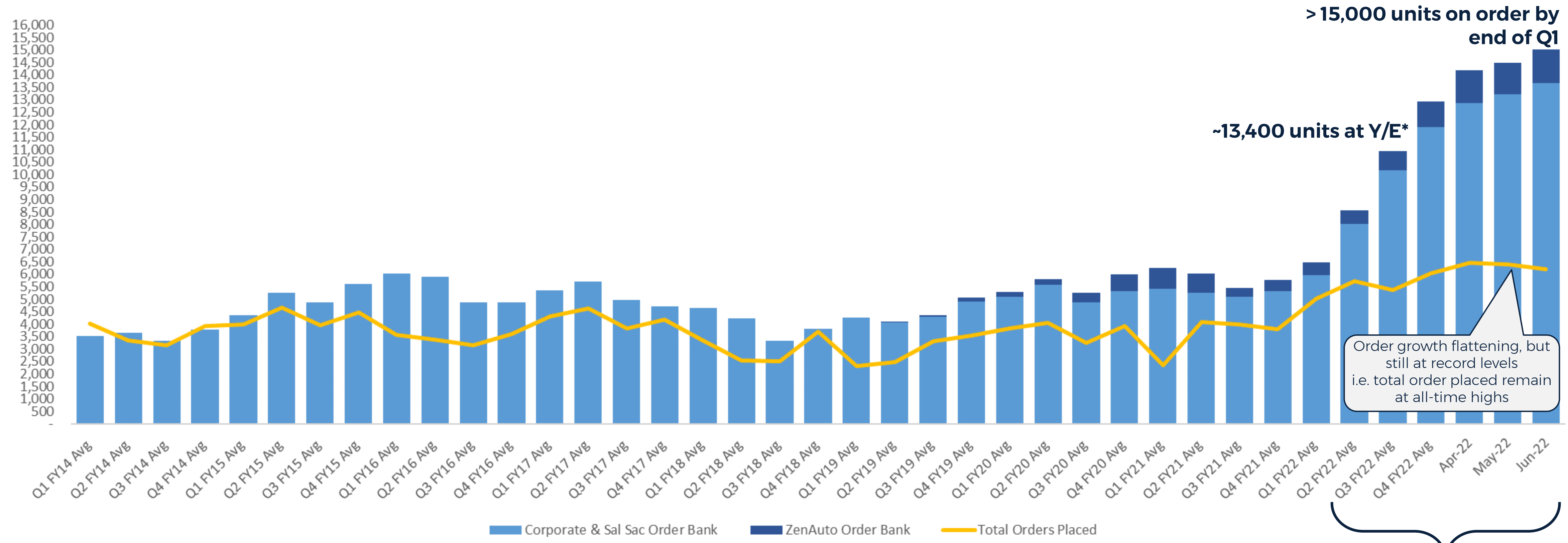
CORPORATE & ZENAUTO ORDER BANK (number of vehicles)



If lead times had remained at historic averages, we would have seen **c. 8-9,000 more vehicles** in the Corporate fleet, i.e. **20% higher funded fleet**

ZENAUTO IS DRIVING GROWTH IN THE DIGITAL CONSUMER DIVISION

ZenAuto

ADDRESSABLE VEHICLE PARC FROM NEW AND FIRST USED VEHICLES

10m

ZENAUTO'S B2C OFFERING:

- Differentiated customer experience
- Digital proposition backed by human support
- Access to manufacturer brands
- Growing brand awareness
- A brand consumers can trust

ZenAuto

ZenAuto's progress can be seen in the rapid growth of the business:

ZENAUTO FLEET & ORDER BANK GROWTH 2020-2022

130%

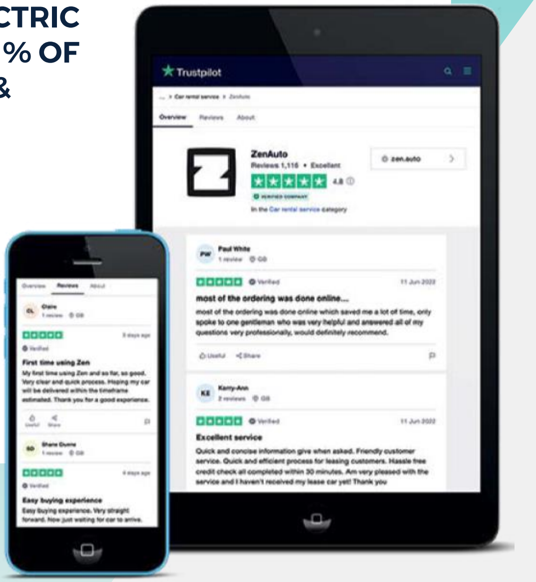
Annual growth rate

FLEET ASPIRATION BY 2025

70,000+

BATTERY ELECTRIC VEHICLE AS A % OF TOTAL FLEET & ORDER BANK

25%



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AUTOMOTIVE SUPPLY: IN SUMMARY

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AUTOMOTIVE SUPPLY CHAIN: IN OVERVIEW

01 Lead times lengthened throughout H2 of our FY2022, and then have lengthened again since the war in Ukraine

02 The shortage of semiconductors was the initial cause of shortages and longer lead times for vehicle delivery…

03 …this was followed by…

the direct impact of Ukraine, e.g. wiring looms, and then

the indirect impact, e.g. sanctions on Russia impacting availability of commodities, such as those used in batteries

04 We have recently seen some signs of improvement, but the outlook is still uncertain

05 All manufacturers impacted, including Tesla

NEW REGISTRATIONS AND USED VEHICLE TRANSACTIONS

01 2021 was another marked “low point” for new vehicle registrations, and 2022 is continuing on that trend

02 The result is that our “natural hedges” come into play, i.e.

While deliveries and termination volumes suffer during periods of shortage and delay…

…used vehicle disposal values hold up higher for longer, and our customers move vehicles into extension, which in turn results in higher margins

03 This is a market phenomenon, not something particular to Zenith

04 We do not see order cancellation as a material risk, and the impact is to delay fleet growth and development

UK NEW CAR REGISTRATIONS SHOWS A CONTINUING DEFICIT TO HISTORICAL NORMS

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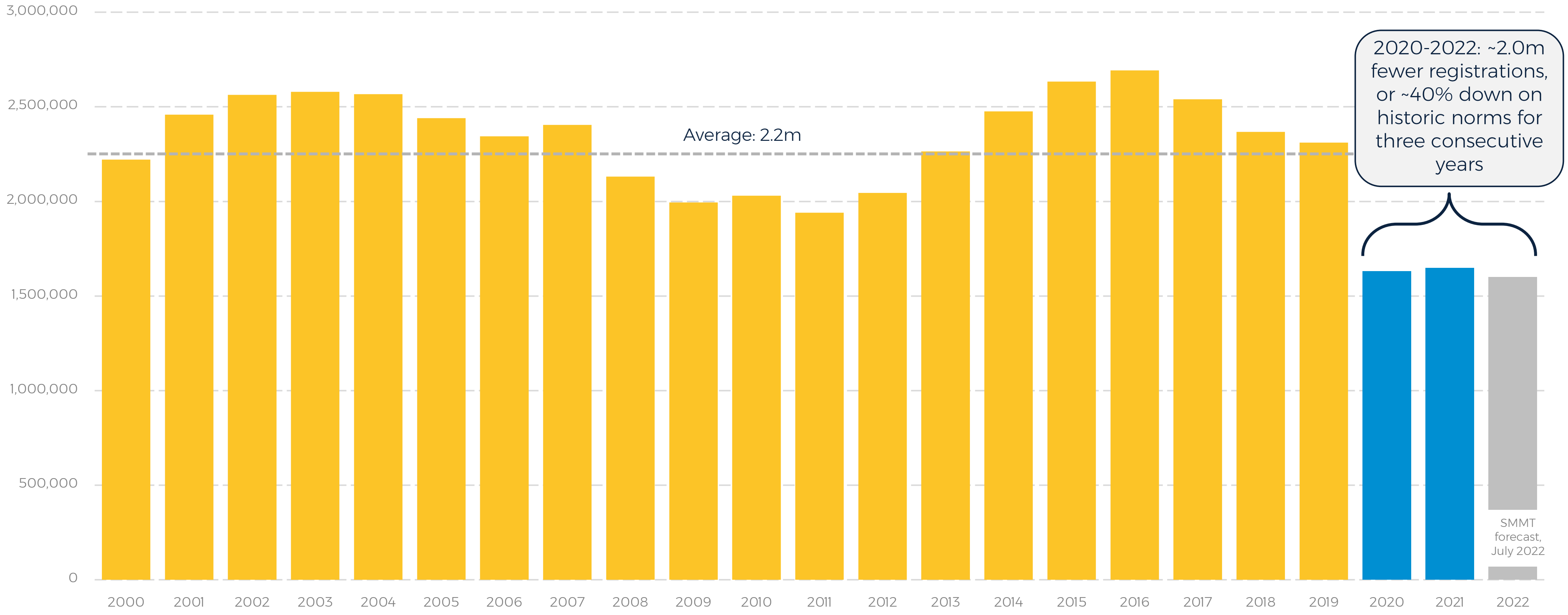

SMMT: UK new car registrations since 2000

USED VEHICLE TRANSACTIONS WILL BE DOWN ON 2021, AND MATERIALLY BELOW 2014-2019

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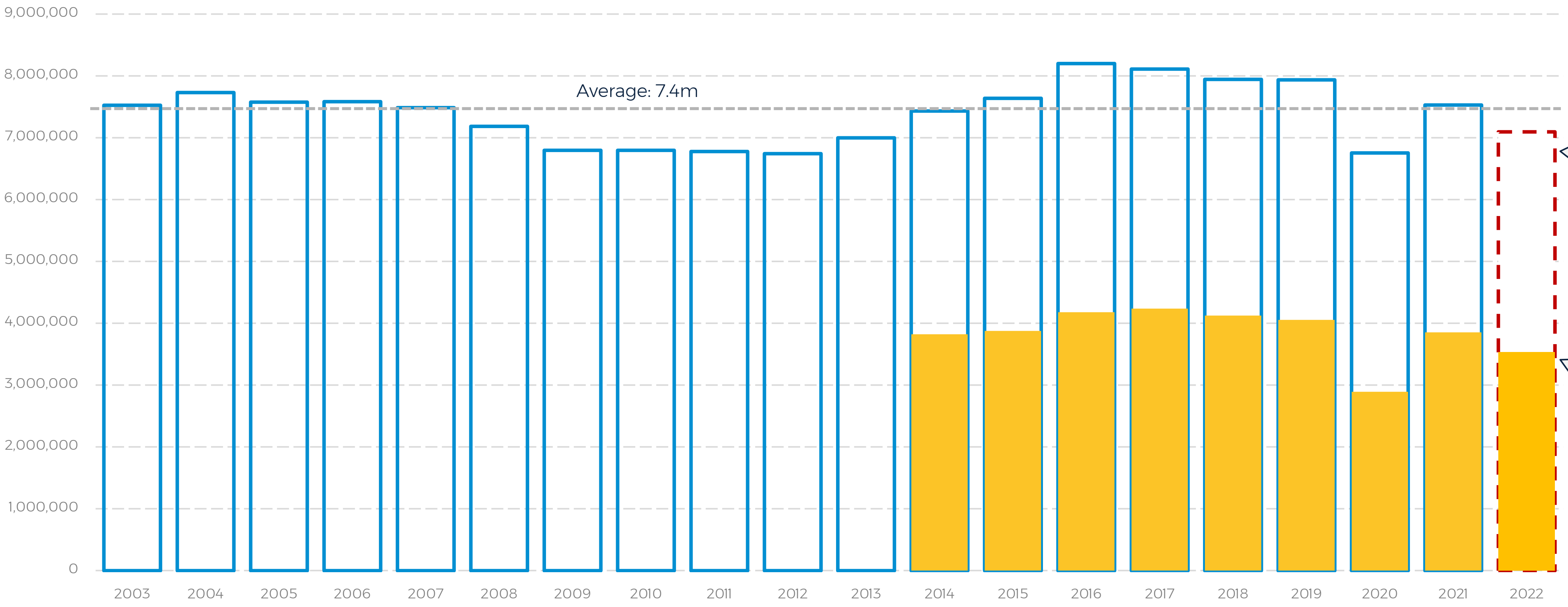

Full year, assuming Q2 is representative of the norm, is ~7m used vehicle transactions, fewer than 2021

Q2 YTD transactions are 8% lower than 2021 and 12% lower than historical norms (excl. 2020, i.e. Covid-19 year)

SMMT: Volume of used car sales in the UK since 2003

2022 forecast is a straight-line projection based on 4 equal quarters

DEMAND FOR NEW AND USED VEHICLES HAS REMAINED STRONG…

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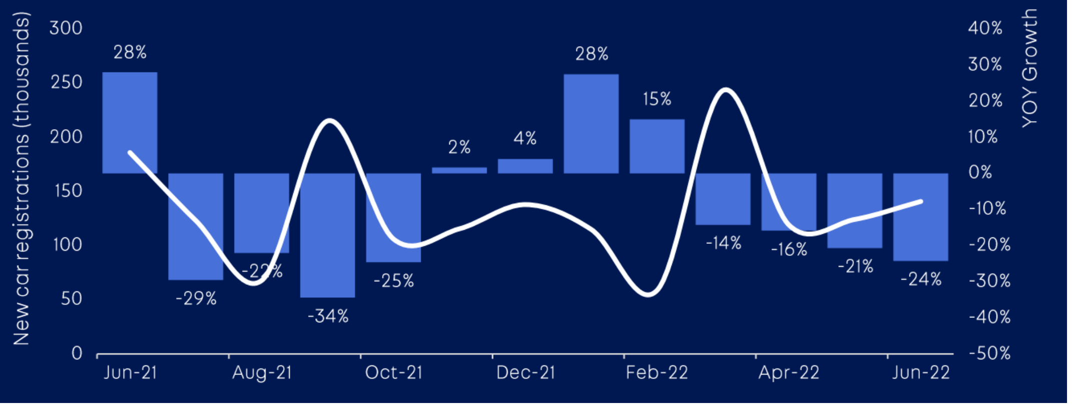
NEW CAR REGISTRATIONS

New car registrations fell 24% in June as global supply constraints persist, exacerbated by restrictions in China. Retail sales had been more insulated from the shortage, though sales fell 22% vs. June 2021 having been ahead in March and April.

140,948 NEW CAR REGs. (SMMT)

-24% (VS. JUNE 2021)

-37% (VS. JUNE 2019)



Supply-side constraints have restricted the flow of new vehicle registrations into the market, and still down y-o-y each month

2022 is anticipated to be at or near 30-year lows for the 3rd consecutive year

AUTO TRADER AUDIENCE

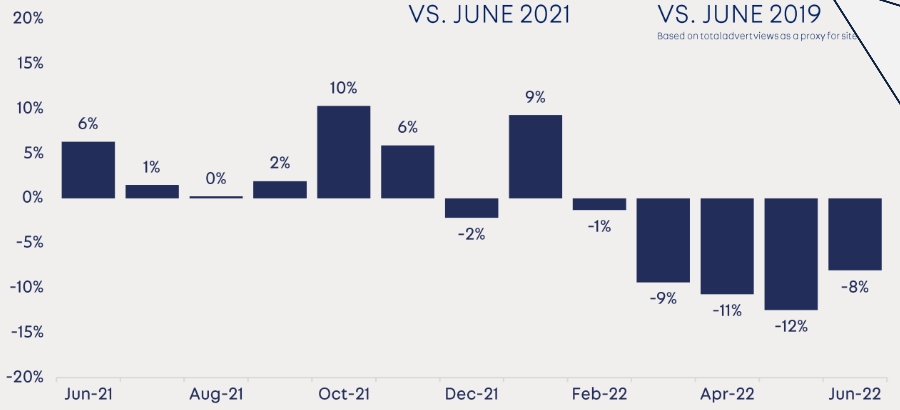
In June, site visits to Auto Trader fell 8% on the record levels seen in 2021. This movement – although negative - represents a slight improvement on previous months as economic headwinds persist. **But the year-on-year comparisons continue to disguise the current market's underlying strength, as engagement remains comfortably ahead of 2019 levels by around 14%.**

AUTO TRADER SITE VISITS (YEAR-ON-YEAR)

-8% VS. JUNE 2021

+14% VS. JUNE 2019

Based on total advert views as a proxy for site



Excluding the Covid impact of June 2021, demand remains strong, as shown by site visits

Supported by growing volume of retail interest: *"…the volume of used car enquiries sent to retailers is up a huge 67% on June 2019…"*

USED CAR MARKET HEALTH

With supply of used cars stabilising and consumer demand falling, the Auto Trader market health indicator is down 24% in June over the prior year. However, it is positive when compared to 2019 **as fewer new cars make their way into the used car market (see focus area on page 7) and as demand for used cars remains ahead of pre-COVID levels.**

	DEMAND	SUPPLY	MARKET HEALTH
VS. JUNE 19	+8%	-6%	+14%

"Market health" indicators shown demand still robust

Source: https://trade.autotrader.co.uk/industry-latest/

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… AND INDICATORS SUPPORT OUR VIEW THAT THE OUTLOOK FOR RV'S TO 2026+ IS STRONG…

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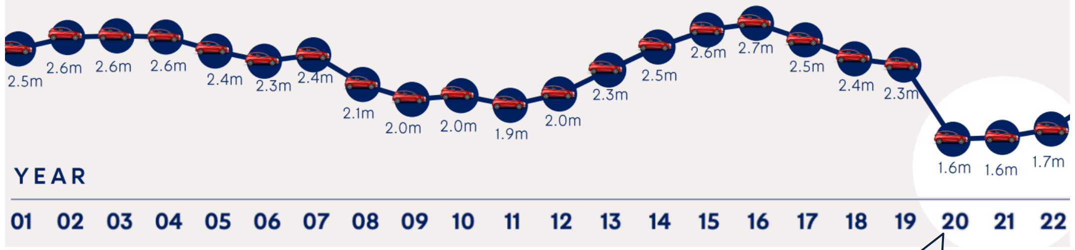
Used car supply outlook

2 million 'lost' new car registrations expected by the end of 2022

COVID-19 lockdown closures and global supply constraints – first the semiconductor shortage and then the war in Ukraine – mean that by the end of the year the new car market will have lost 2 million registrations in the past 36 months.

NEW CAR REGISTRATIONS
SMMT (2001 TO 2022). UK.

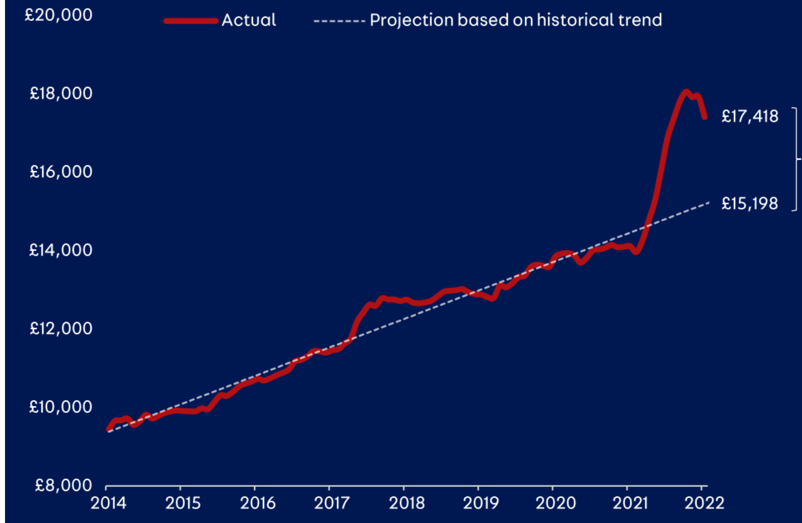


2.0m "lost registrations" means 2.0m fewer 3-4 year old vehicles until 2025/2026… and likely beyond that period (see overleaf)

Used values "£2k higher than in a normal market" accords to our view (and our outlook)

Despite the recent slowdown in retail price growth – which is partly due to seasonality effects – the current (average) price of a used car is over £2k higher than it would have otherwise been in 'normal' market conditions.

AVERAGE PRICE OF A USED CAR
Actual vs. projection based on historical trend



Current used car prices are over £2k higher than they would have otherwise been in 'normal' market conditions

Retail price observations. Year on year like-for-like pricing. Removes the impact of stock mix shift to reflect true value adjustments

… and, in any case, we have been seeing continuing inflation in used vehicle values on a steady path since 2014 (including the influence of generally higher-value BEVs), notwithstanding the spike in 2021 / 2022

Source: https://trade.autotrader.co.uk/industry-latest/

…DESPITE PRICES TAPERING-OFF, SHORTAGES OF NEW VEHICLES WILL FLOW THROUGH THE USED MARKET WELL INTO THIS DECADE

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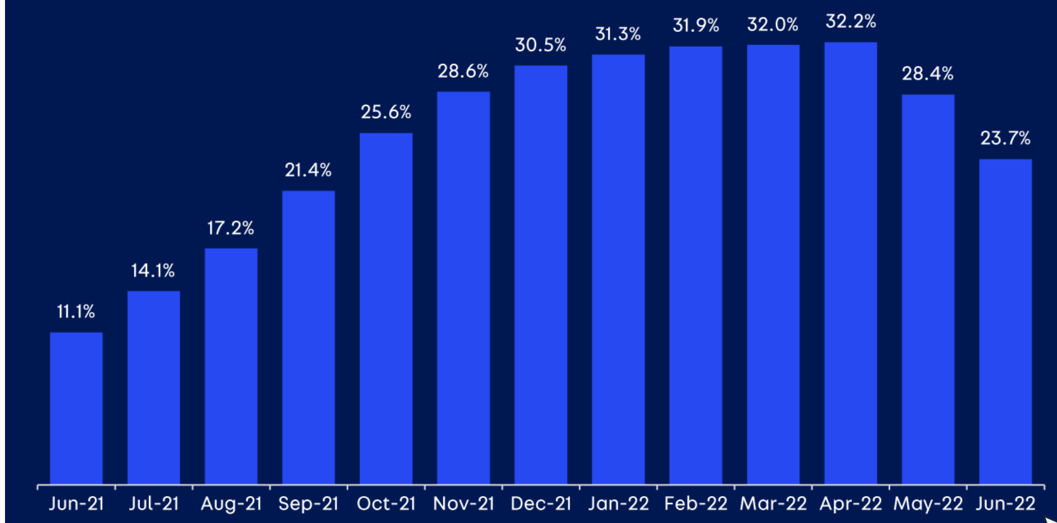
June saw used car prices increase by 23.7% on a year-on-year and like-for-like basis, though growth continued to soften following the record price rises seen in 2021. This trend is expected to continue as supply is heavily constrained and is expected to remain tight for several years.

YEAR-ON-YEAR USED CAR PRICE GROWTH
Like-for-Like Basis



Tapering off in our Q1, but still reflects ~35% growth across two-year period

The decline in new car sales will have a lasting impact on supply, with fewer cars flowing through the parc

The age profile of the parc will change dramatically - those 2 million lost new car registrations won't flow through the parc over the following years.
In 2024, there will be 3 million 3-5 year old cars on the road, 1.8 million fewer than 2019, a far greater impact compared with the last new car decline (the financial crisis).

NUMBER OF CARS IN THE PARC BY AGE COHORT
DVLA (2001 to 2021) & Auto Trader projection (2022 to 2030). GB.

LOW | HIGH

PROJECTION (years 22–30)

YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
NEW CAR SALES	2.5	2.6	2.6	2.6	2.4	2.3	2.4	2.1	2.0	2.0	1.9	2.0	2.3	2.5	2.6
< 1 YEAR OLD	2.4	2.5	2.4	2.4	2.3	2.1	2.2	1.9	1.9	1.9	1.8	1.9	2.1	2.3	2.5
1-3 YEARS OLD	4.2	4.6	4.9	5.0	4.9	4.7	4.4	4.4	4.2	3.8	3.7	3.7	3.7	4.0	4.4
3-5 YEARS OLD	4.0	4.1	4.1	4.5	4.8	4.9	4.7	4.6	4.4	4.3	4.1	3.7	3.7	3.6	3.6
5-10 YEARS OLD	7.9	8.4	8.7	9.0	9.4	9.8	10.2	10.6	11.0	11.1	10.9	10.7	10.3	9.8	9.4
10-15 YEARS OLD	4.9	4.5	4.3	4.2	4.3	4.4	4.6	4.9	5.0	5.4	6.0	6.6	7.2	7.6	7.8
15+ YEARS OLD	1.7	1.8	1.9	2.0	1.9	1.8	1.8	1.8	1.8	1.9	1.9	2.0	2.1	2.3	2.6

YEAR	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
NEW CAR SALES	2.7	2.5	2.4	2.3	1.6	1.6	1.7	2.0	2.1	2.2	2.2	2.2	2.1	2.1	2.1
< 1 YEAR OLD	2.5	2.3	2.2	2.2	1.5	1.6	1.6	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0
1-3 YEARS OLD	4.7	4.9	4.8	4.5	4.3	3.7	3.1	3.2	3.5	3.8	4.0	4.0	4.0	4.0	3.9
3-5 YEARS OLD	3.9	4.2	4.6	4.8	4.6	4.4	4.2	3.6	3.0	3.0	3.3	3.6	3.7	3.7	3.7
5-10 YEARS OLD	9.0	8.7	8.8	9.2	9.8	10.5	11.0	[illegible]	[illegible]	[illegible]	9.1	8.4	8.1	7.8	8.1
10-15 YEARS OLD	7.8	7.8	7.5	7.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15+ YEARS OLD	2.9	3.3	3.6	3.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Shortages of 3-4 year old vehicles: this will wash through the market from now until 2026/2027

Source: https://trade.autotrader.co.uk/industry-latest/

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SUMMARY FINANCIAL PERFORMANCE, FY2022

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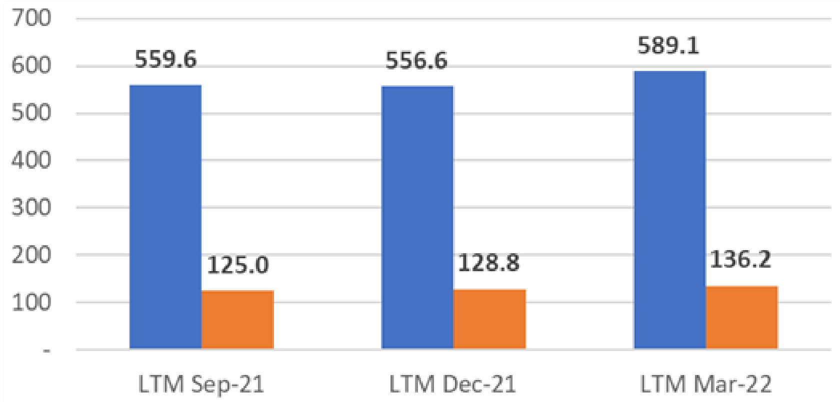
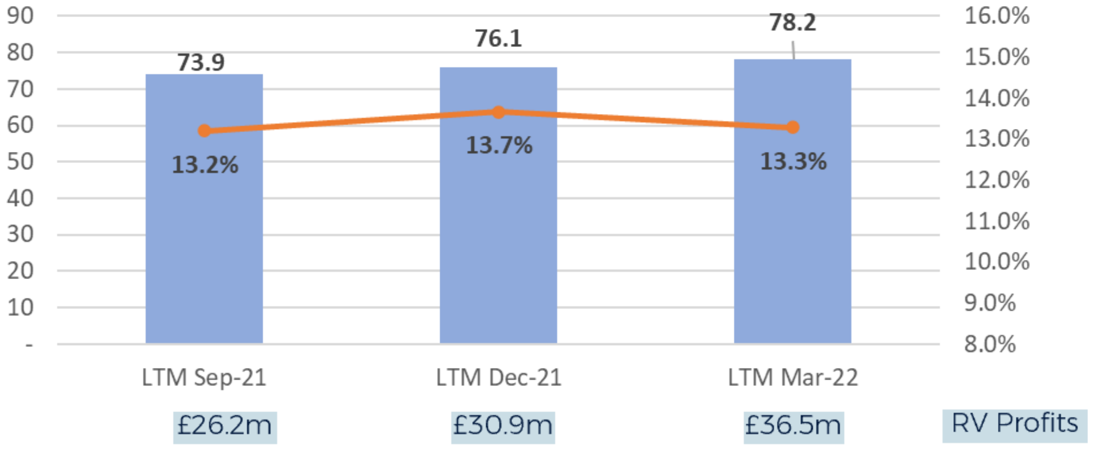
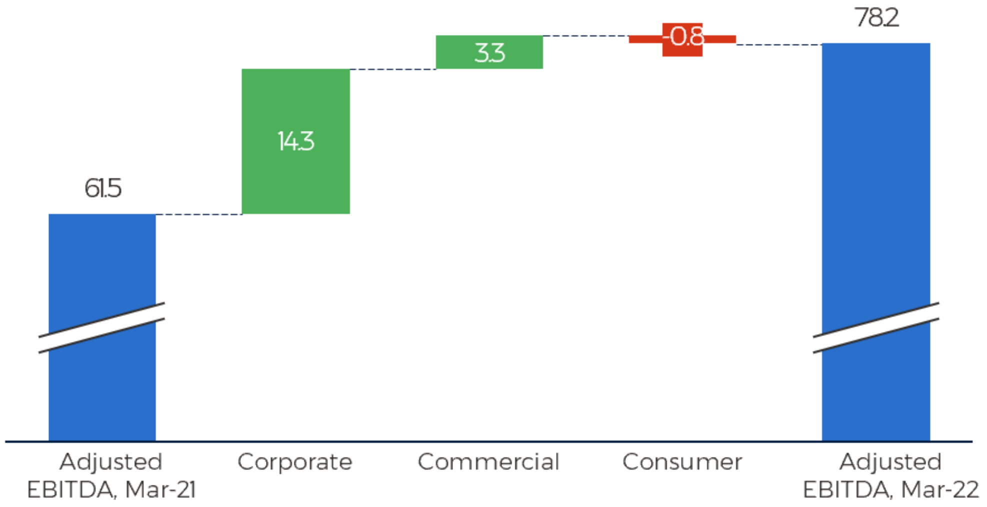
TURNOVER AND GROSS PROFIT / TOTAL INCOME (£m)



ADJUSTED EBITDA, PRE ZENAUTO (£M & MARGIN %)



ADJUSTED EBITDA BRIDGE: MAR-21 TO MAR-22



CASH FLOW & LEVERAGE

Cash / debt KPIs	LTM Sep-21	FY22
Adjusted EBITDA, before ZenAuto	**74**	**78**
Net senior debt	**411**	**424**
Leverage (x)	**5.6x**	**5.4x**

Net leverage compares to pro forma leverage, taking account of fees & expenses of the Jan-22 bond issuance, of 5.6x at opening

DRIVING SUSTAINABILITY

PROFIT & LOSS ACCOUNT

Zenith
Intelligent Vehicle Solutions

Financial summary: P&L Y/E

GBPm	FY to Mar-21	FY to Mar-22	*Change (£m)*	*Change (%)*
Turnover	491	589	98	*19.9%*
% growth		*19.9%*		
COGS[1]	(388)	(453)	(65)	
Income / Gross Profit	103	136	33	*32.0%*
% margin	*21.0%*	*23.1%*		*2.1 ppts*
Operating Expenses	(45)	(61)	(16)	
Reported EBITDA[2]	58	75	17	*28.7%*
% margin	*11.8%*	*12.7%*		*0.9 ppts*
ZenAuto loss	3	3	0	
Adjusted EBITDA	61	78	17	*27.3%*
% margin	*12.5%*	*13.3%*		*0.8 ppts*
Total Income - breakdown, £m	103	136	33	*32.0%*
% Contracted	*47%*	*40%*		*(7 ppts)*
% Recurring	*29%*	*28%*		*(1 ppts)*
% Scheduled	*24%*	*32%*		*8 ppts*

Comments

- FY22 trading has continued the path explained in the bond issuance process (based on Q2 YTD) and in the Q3 results
- Key aspect of Q4 trading, continuing into Q1 FY23, has been lower termination and delivery volumes (as new vehicle supply challenges continue)
  - This impacts various in-life and "vehicle turnover" related incomes
  - However, the "natural hedge" is that this means more vehicles in extension (i.e. beyond their primary term, which means higher margins)…
  - …and higher RV Profits per unit (given supply constraints), although termination *volumes* are lower in Q4 in particular
- EBITDA continued the upward curve of Sep-21 LTM to Dec-21 LTM and FY22 results
- Overheads up on prior year, mainly because of full-year effect of CVFS and CVR (former Cartwright businesses acquired in Sept-20, i.e. £5.7m impact), and the investment in advertising and the brand in ZenAuto (£2.8m impact), and investment in our people for anticipated fleet growth
- Underlying EBITDA margins continue the positive trend seen in recent quarters, impacted by RV Profits / unit in particular

Notes: Prepared under UK GAAP

1. COGS represent i) securitisation and other funding costs, and vehicle depreciation where applicable, included in Lease Margin, ii) pass-through costs of in fleet management expenses and other in life income sources (i.e. where Zenith takes commission), and iii) the direct costs of our owned workshops and depots (in Commercial division)
2. Excludes impact of goodwill amortisation, amortisation of acquired intangibles and exceptional items
3. Income is split in the way described in the offering memorandum, i.e. between contracted, recurring and scheduled income streams

CASH FLOW

Zenith
Intelligent Vehicle Solutions

Financial summary: CASH FLOW Y/E

GBPm	FY to Mar-21	FY to Mar-22	Change (£m)
Reported EBITDA	**58**	**75**	**17**
Movements in WC excluding credit enhancement	13	(9)	(22)
Credit enhancement	(1)	(6)	(6)
Change in working capital	**12**	**(15)**	**(27)**
Capex	**(8)**	**(10)**	**(2)**
% revenue	***1.7%***	***1.7%***	***0.0%***
Cash flow from operations	**62**	**50**	**(12)**
% conversion	***106.6%***	***66.3%***	***(40.3%)***
One-off credit enhancement	**(27)**	**29**	**56**
Tax	**(2)**	**(1)**	**1**
Acquisition of Cartwright	**(19)**	**-**	**19**
VAT deferral scheme (COVID-19)	**8**	**(9)**	**(17)**
Free cash flow	**22**	**69**	**47**
Net senior debt* (£m)		**424**	
Leverage (x)		**5.4x**	

Comments

- Key cash flow items are as briefed in the bond issuance process and the Q3 (Dec 2021) results
- Working capital reflects outflows in early FY22, which reflect timing differences on vehicle payments at the previous year-end. Also, at the close of FY22, more vehicles than usual were in stock and not yet sold at auction (i.e. returned from customers, unfunded, and sold in early FY23)
- Normalised credit enhancement was a £6m outflow
  - One-off credit enhancement adjustment: normalises credit enhancement for the new securitisation structure of Aug-21
- Cash capex was slightly lower than expectations at £10m, again a timing difference as some projects were delayed into FY23
- VAT deferral relates to the repayment in instalments of VAT deferred from FY20/FY21 to FY22. This was fully repaid by February 2022
- Free cash flow represents net cash flow before corporate financing costs (i.e. interest paid and RCF drawings repaid in FY22, which relate to the former senior debt and RCF package)

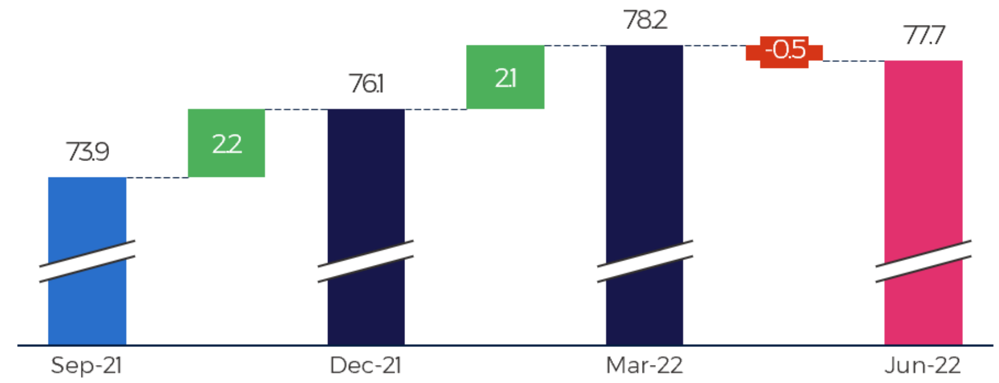
Funding / liquidity

- No material changes in funding lines since Q3 results, other than a a new £37m combined RV and back to back facility
- Securitisation: £533m drawn at FY22 (vs. £725m facilities)
- Undrawn on RCF at FY22

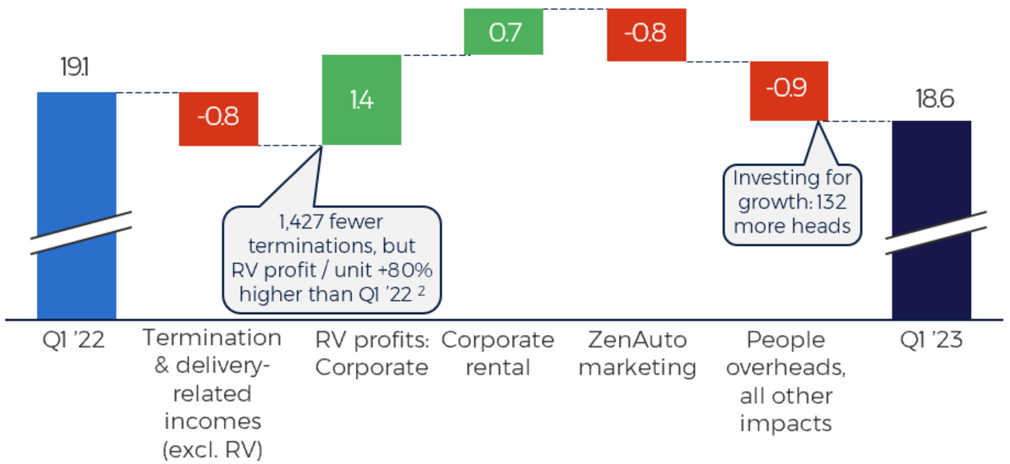
Notes: Prepared under UK GAAP

CURRENT YEAR: Q1 TRADING (TO JUNE 2022)

LTM Adjusted EBITDA[1] progression



EBITDA[1] Q1 YTD: drivers



Q1 performance

Driven by termination volumes, particularly in Corporate

Supply chain challenges causes continuing growth in lead times and increasing order book – through lead times are stabilising

The impact on the P&L is to:

1. Reduce incomes that are dependent on vehicle terminations and deliveries (e.g. in key-for-key exchanges, and in new customers' first vehicles)
2. Increase vehicles on extension (beyond our expectations)
3. Cause a more sustained period of higher RV profits – lack of supply keeps used vehicle prices higher for longer

We also continue to invest in our business, e.g. recruiting to support the expected growth as the order bank unwinds into fleet

Perspectives on current trading

The "natural hedges" in the business are being proven once again

As lead times have grown, used vehicle values have held up for longer, extended fleet adds margin, but we defer termination *volumes* and delivery incomes to later in the year

Notes:
1. Prepared under UK GAAP, but reported prior to changes to accounting estimates on residual values and depreciation (see later slide)
2. Note that Q1 '22 (Apr-Jun'21) was prior to the period of most substantial increase in used vehicle values during FY22

AGENDA

1. Business update and highlights for FY2022
2. Automotive market conditions
3. Financial performance
4. **Guidance and outlook**
5. Closing remarks, Q&A

OUTLOOK, GUIDANCE AND ACCOUNTING ESTIMATES

Zenith
Intelligent Vehicle Solutions

BACKGROUND

Strong order bank (now > 15k units) gives us confidence in fleet growth in each division

Flat Q1 performance shows impact of continuing automotive supply challenges

Delays to deliveries, deferred terminations, delay to unwind of order bank (note: the 8-9,000 vehicles that would have otherwise been delivered already, if lead time were in-line with historic norms)

Higher RVs for longer

Strong but softening trailer rental performance (utilisation)

GUIDANCE

Supply disruption to continue and impact the remainder of FY2023

However, as lead times either remain constant or fall, we will see the order bank unwind into deliveries

Fundamentals remain strong and "natural hedges" continue to play out

We will continue to invest in our people, fleet and IT systems

e.g. IT capex of approx. £15m in FY2023 – investing in our asset management re-platforming and digital capabilities

ACCOUNTING ESTIMATES

Key change to accounting estimates on vehicle depreciation (see overleaf)

FY2023: CHANGE TO ACCOUNTING ESTIMATES

Zenith
Intelligent Vehicle Solutions

BACKGROUND

We have never altered residual values (RVs) on vehicles once they are set at pricing stage

i.e. after pricing and delivery to the customer, the lease margin over a lease's life are on a fixed course, and RV profits are recognised entirely on disposal of the vehicle, at the same time as the cash proceeds

Furthermore, we have applied a consistent and considered approach to setting RVs over time, and by reference to industry-standard benchmark prices. This will not change

APPLICATION OF FRS 102

Persistent high market prices (compared to historic RVs) means that we are obliged to re-assess our RVs and depreciation profiles

This applies to all of our "risk" vehicles, i.e. those we would expect to return an RV profit on disposal in future

FRS 102.17.19 ("Property, plant and equipment") specifies that we review and re-assess our RVs (and therefore depreciation charges) when there are factors that indicate a change in residual values, such as "changes in market prices"

APPLICATION TO VEHICLE LEASING

Precedent of other companies in our sector applying this standard to re-assess RVs, and the prolonged period of high market prices for used vehicles, leads us to be obliged to re-assess our RVs and fleet depreciation charges

FRS 102 does not permit us to take into account expected future movements in prices when we re-assess RVs for these purposes

Therefore, price references for the RV re-assessment will be current price expectations of equivalent vehicles (i.e. equivalent age and condition, and taking into account life cycling or similar effects) when our fleet reaches the end of its lease period (with reference to third party vehicle value benchmarks)

FY2023: CHANGE TO ACCOUNTING ESTIMATES

Zenith
Intelligent Vehicle Solutions

Application of FRS 102 to persistent used vehicle market conditions will likely impact our fleet depreciation reporting from Q1 FY2023 onwards

EFFECT ON FUTURE REPORTING

01 The effect of the accounting standard is to alter prospective depreciation charges on our "risk" vehicles

02 No change to the balance sheet at the time of re-assessment (i.e. no "revaluation gain")

03 Change to accounting estimates (rather than a change of accounting policy), and will be reflected as a **consolidation adjustment* (only)**, to alter depreciation charges for vehicles classified as Fixed Assets

04 We do not intend to alter any internal systems, and there would be no impact on our commercial EBITDA / profitability / cash flow. We will continue to record and report, for internal purposes, exactly as we have before

05 Similarly, we intend to record and report for our investors and the public in the same way as before*, but will adopt a new Alternative Performance Measure (APM) which equates to our existing measure of EBITDA

06 However, our reported, statutory GAAP measures will alter, likely in substantial ways, potentially up and down, over time. E.g. Gross Profit, Operating Profit and Profit / Loss Before Tax

GUIDANCE FOR FY2023

We report for the first time under this application of FRS 102 for Q1 FY2023 (quarter ended June 2022)

The full year effect of the application of this standard is uncertain, but may be in the order of £40m, +/- £5m (positive to profit) in FY2023

This will vary according to, *inter alia*, the movement of industry reference prices for used vehicles, the movements in our fleet and the ageing of our fleet

***** Because subsidiary accounts will be unaffected by this change, the new APM will simply be an aggregation of their results, and therefore simple to understand

AGENDA

Zenith
Intelligent Vehicle Solutions

AN EXCITING FUTURE

TARGET ADDRESSABLE MARKET

15.6m

VEHICLES TOTAL

B2B (Corporate and Commercial) 5.6m

B2C (Consumer, ZenAuto) 10m

REACHING

250K+ VEHICLES

UNDER MANAGEMENT IN 3 YEARS

ZENAUTO TO GROW

TO SAME SCALE AS OUR CORPORATE BUSINESS