

Motability
Operations group plc



Half Year Report 2026





Welcome

Motability Operations runs the Motability Scheme, which gives disabled people the freedom to get to work, education and medical appointments, and to live independently.

We are overseen by the Motability Foundation, funded by payments made by disabled people and investment from the private sector, and we reinvest any profits back into disabled people's mobility.

The Motability Scheme was established to address a market failure that still exists today: the UK car market does not consistently meet the needs of disabled people. The Scheme enables customers to access a good-value, accessible vehicle, supported by an all-inclusive leasing package, paid for with their qualifying allowance.

According to Oxford Economics*, the impact is life-changing. Two thirds (67%) of customers save time through quicker journeys, and one in five (21%) report improved job opportunities, working an average of two additional days per week.

The Scheme also delivers value to the wider economy, supporting around 34,000 jobs across the UK and contributing £4.3bn to the UK Gross Domestic Product (GDP).

We are committed to safeguarding the long-term sustainability of the Scheme, so it can continue to provide independence for customers today and for future generations.

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge, this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted for use in the UK and that the Interim Management Report includes a fair review of the information required by DTR 4.2.7, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and
- a description of the principal risks and uncertainties for the remaining six months of the financial year.

Andrew Miller
Chief Executive Officer

22 May 2026

Matthew Hamilton-James
Chief Finance Officer

22 May 2026

Contents

2	CEO statement
7	Interim management report
11	Risk
13	Independent review report

Financial statements

14	Consolidated interim financial statements
17	Notes to the interim financial statements



See page 5 to find out how the Motability Scheme works



See page 6 to find out how the Motability Scheme operates



See page 10 for our Half Year 2026 Key Financial Highlights



Visit our website to see more

* The impact of the Motability Scheme, a report by Oxford Economics. The content of this report has been calculated using financial year 2023 data, as reported in Motability Operations' 2023 Annual Report and Accounts.

The Scheme remains strong, resilient and focused on what matters most

“The Motability Scheme provides essential independence for the people who rely on it every day: helping disabled people get to work, attend appointments, access education and stay connected.”

For many customers, the Scheme is more than a vehicle. It is a lifeline that supports independence and opportunity.

John, a Motability Scheme customer, said: “Independence for me is crucial. Without my Motability Scheme vehicle, I would not be able to get out and see people; I’d have no interaction during the day until my wife returns from work. The car gives me my independence and I need that.”

Stories like John’s are a reminder of why the Scheme matters, and why our responsibility to protect it for the long term is so important.

We are delivering the Scheme through a period of significant change. The wider automotive market remains challenging, the transition to electric vehicles (EVs) is reshaping customer choice and vehicle supply, and the introduction of Value Added Tax (VAT) and Insurance Premium Tax (IPT) on new leases has added substantial new costs.

In response to these pressures, we have announced changes to the Scheme. These decisions have not been easy, and we recognise they have been challenging for customers. We have listened carefully to feedback and understand the strength of feeling, particularly where these changes will affect the way customers use the Scheme day to day.

At the same time, I have a responsibility to protect the Scheme for the long term. Without action, these new costs would have had significant consequences for affordability for all customers.



Visit our website to see John’s story

I was determined not simply to pass those costs on in full. The changes we have made are designed to protect the value of the Scheme for the majority of customers, while ensuring it remains financially sustainable and continues to provide access to suitable, affordable transport.

The Scheme has always evolved to meet changing circumstances. Our purpose remains unchanged: to remove barriers to mobility and protect the independence our customers rely on, today and for future generations.



Andrew Miller
CEO, Motability Operations

Financial performance and resilience

Underlying profit was £29.9m and the performance of the business remains resilient; we are broadly delivering to our business model remit. However, residual values in the used car market have fallen by around 3-4% in recent months. While this is a relatively small percentage movement, the scale of our fleet means such a fall can have a material impact on reported performance, and this has significantly contributed to a reported pre-tax loss of £496.9m for the period.

These are significant accounting impacts, but they do not alter the fundamentals of the Scheme or our ability to support customers. Our model means we absorb short-term movements in costs and market conditions on behalf of customers, and the business remains well placed to continue doing so.

Importantly, this movement in residual values is manageable. We continue to operate from a position of financial strength, with a strong capital base and a disciplined approach to risk. This allows us to absorb volatility, continue investing in the Scheme and provide the stability customers depend on.

Looking ahead, our focus is just as much on the tougher cost environment now coming through for new leases. The pressures we now have to price into future leases are substantial and include:

- around £1,100 per lease from VAT and IPT
- continued inflation across insurance, servicing and repairs
- ongoing volatility in vehicle values and the wider automotive market
- the need to maintain access to debt markets so we can continue funding the Scheme efficiently

With margins that are deliberately small, there is limited room to absorb these sudden increases without putting the value and sustainability of the Scheme at risk. Maintaining that sustainability is what enables us to keep borrowing efficiently and continue providing good value, choice and access for customers.

That is why we have had to make difficult and uncomfortable decisions about parts of the Scheme, including changes to mileage allowances. Our assessment is that these changes will protect the Scheme value for the majority of customers, while helping to limit the impact of new costs on affordability and choice.

They also help ensure that the Scheme remains financially sustainable, continues to offer good customer choice and access, and maintains the strength needed to borrow, invest and support customers over the long term.

We are also ensuring new leases are priced responsibly and reflect current market conditions. Our commitment remains to maintain the returns needed to protect the Scheme's long-term strength, including pricing with a view to achieving at least a 1.5% return on assets over time.

We target this margin to ensure that our capital base remains robust, so that we can shield our customers from market volatility and protect the Scheme from the risks it faces. Any profits we generate are reinvested back into our customers' mobility, either by funding our fleet or by providing discretionary donations to the Motability Foundation. By reinvesting our profits, we're able to reduce the amount of additional funding we need to run the Motability Scheme. Our operating model is designed to ensure the Motability Scheme is here for the long term and to protect all customers from unexpected costs during their lease.

What this means

These results reinforce the importance of managing the Scheme with discipline, resilience and a long-term perspective.

The Scheme is designed to provide stability and certainty for customers. That is one of its great strengths. It also means that Motability Operations absorbs short-term fluctuations in costs and market conditions, rather than passing every movement directly to customers during their lease.

That model remains strong, but it must be managed responsibly. Financial sustainability is not separate from customer value; it is what allows us to keep investing in the Scheme, manage volatility, borrow efficiently and continue supporting customers through periods of change.

Delivering for customers

Despite these pressures our focus on delivering for customers remains unchanged. The Scheme now supports 915,000 customers across the UK.

Demand remains strong, although growth has moderated following a period of significant expansion in recent years. This reflects a changing external environment, while reinforcing the Scheme's continued role in supporting disabled people to access freedom and independence.



We continue to provide a high-quality service that offers certainty and support to customers. The Scheme provides fixed-cost leasing that includes insurance, servicing, maintenance and breakdown cover, at a time when many households are facing wider cost pressures. Customer satisfaction remains high, underpinned by the reliability of the Scheme and the support we provide throughout the lease journey.

We also introduced Drive Smart, an initiative designed to encourage safer driving and help manage rising insurance costs across the Scheme. Insurance is a core part of the value the Scheme provides, but it is also one of the fastest-growing costs within the Scheme and now accounts for more than a third of the average cost of a lease.

We spend around £1.4bn annually to provide comprehensive cover for customers, while continuing to offer an inclusive model that helps many disabled people access affordable insurance who may otherwise struggle to do so privately.

Managing those costs responsibly is essential to protecting affordability for all customers over the long term. We also know that younger and newer-to-Scheme drivers are statistically more likely to make claims, including some of the most serious incidents, which is why supporting safer driving is an important part of maintaining the sustainability of the Scheme.

However, we have listened carefully to customer feedback and concerns about the experience of Drive Smart. As a result, we have paused the roll-out while we review how the programme can better support customers and align more closely with the expectations and needs of the people who rely on the Scheme every day.

We recognise that affordability is a real concern for many customers. As costs rise across the automotive sector, and as VAT and IPT are reflected in new leases, our priority is to preserve the value and affordability of the Scheme, without compromising the financial sustainability that enables us to support customers over the long term.

That balance is at the heart of the decisions we make. We want customers to continue to benefit from the same core values the Scheme has always provided: access to reliable, suitable transport, through a simple, all-inclusive package that offers certainty and peace of mind.

Value and responsibility

The way the Scheme is funded and operated remains central to the value it provides. Every pound we generate is reinvested to support customers, improve the service and maintain the long-term sustainability of the Scheme; or provide donations to the Motability Foundation when conditions allow.

This focus on value is more important than ever. We are managing costs with discipline, while working to keep the Scheme as accessible as possible.

This means continuing to:

- offer a broad range of vehicles, including many with no Advanced Payment (AP)
- support customers with more complex mobility needs
- provide an all-inclusive package covering insurance, servicing, maintenance and breakdown
- manage costs and capital carefully so the Scheme remains affordable and sustainable

Our financial strength is part of this responsibility. A strong capital base is not an end in itself. It allows us to manage volatility, invest in the Scheme, borrow efficiently and continue supporting customers through periods of change.

We also recognise the importance of maintaining trust, both with our customers and with the wider public. That means being clear about how the Scheme operates, how it is funded, and the steps we are taking to protect its future.

Looking ahead

As the environment continues to evolve, we are taking practical steps to ensure the Scheme continues to meet the needs of our customers.

A key priority remains supporting a fair and accessible transition to EVs. We continue to work closely with manufacturers and partners to improve the availability of suitable vehicles, while helping customers navigate what is, for many, a significant change.

Alongside this, we are focused on improving efficiency across the business while maintaining the quality of the service we provide. This will help us protect the customer experience, respond to rising costs and make the Scheme easier and more efficient to run.

Over the next six months, changes will begin to take effect for new customers. Our focus will be on implementing them carefully, listening to customers, and working closely with our partners to ensure people continue to receive the support they need.

For nearly 50 years, the Motability Scheme has provided independence to millions of disabled people. As we evolve to meet the challenges ahead, that purpose remains unchanged, and our commitment to customers is as strong as ever.

I would like to thank our colleagues and partners for their continued dedication, and the role they play every day in supporting our customers.



How the Motability Scheme works

Motability Operations runs the Motability Scheme, which is overseen by the Motability Foundation. Disabled people on the Scheme choose to exchange their mobility allowance for a vehicle lease, and any profit is reinvested back into the Scheme or donated to the Foundation.



1. Customer chooses to use their mobility allowance to lease a vehicle of their choice.

2. We borrow from the bank and bond markets to fund the vehicles. Reducing our level of reserves could therefore increase costs for customers through the higher interest rates for borrowing. See page 18 of our 2025 Annual Report for more on our reserves model.

3. We work with our Motability Scheme partners to deliver our all-inclusive package. This is a three- to five-year lease package with fixed costs, including insurance, roadside assistance, servicing and electric vehicle (EV) support.

4. Customers hand back their Motability Scheme car at the end of their lease.

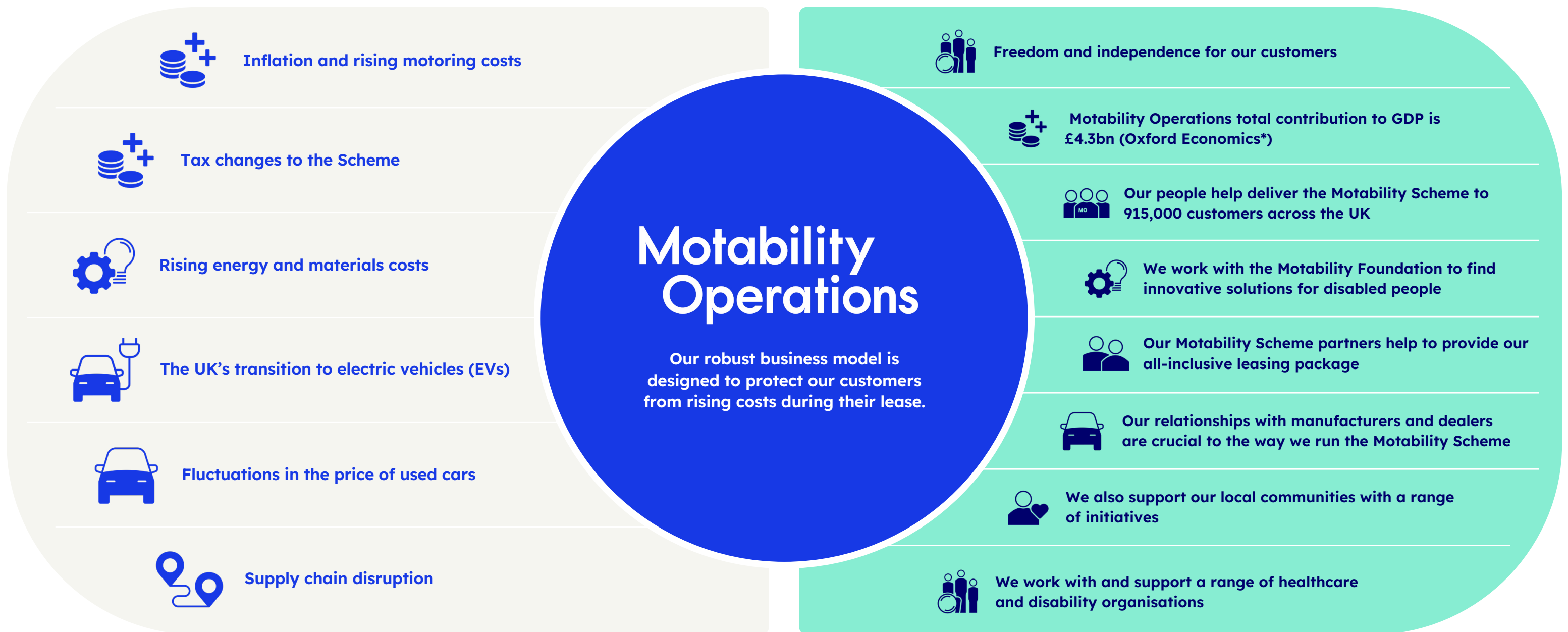
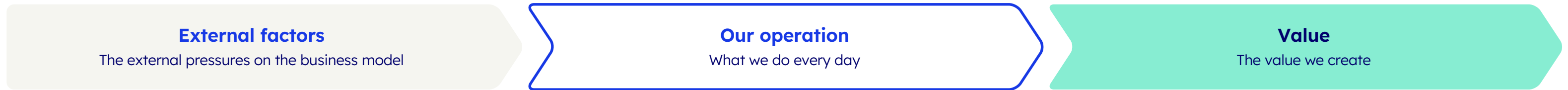
5. End-of-lease assessment and refurbishment at our refurbishment centre in Coalville.

6. We resell the vehicle to the used car market.

7. Revenue from this sale is reinvested back into the Scheme or disabled people's mobility.

 <p>Motability Foundation</p>	<p>The Motability Foundation oversees the Motability Scheme and awards grants to help those most in need access it.</p>
<p>Motability Operations group plc</p>	<p>Owned by four shareholding banks who have waived their right to equity dividends. Manages financing of the Motability Scheme.</p>
 <p>Motability Scheme</p>	<p>Motability Operations delivers the Motability Scheme.</p>

How the Motability Scheme operates



* The impact of the Motability Scheme, a report by Oxford Economics. The content of this report has been calculated using financial year 2023 data, as reported in Motability Operations' 2023 Annual Report and Accounts.

Continuing to deliver for our customers in a changing world

“The Scheme is evolving. Our resilient business model and strong capital base will enable us to continue to provide essential independence to our customers at an affordable price as we move through this period of significant change. Our underlying performance continues to improve despite headwinds of macroeconomic volatility. Our disciplined approach to pricing and robust fundamentals position us well to withstand short-term cyclical challenges and keep our customers moving in the long term.”

Financial performance

In the first half of the 2026 financial year, we reported an underlying pre-tax profit of £29.9m (2025: pre-tax loss of £75.3m). This represents a continued improvement following a return to underlying profitability in the second half of the 2025 financial year, which has been supported by cost optimisation initiatives to reduce claims frequency and strengthen value from commercial partnerships.

Revenue for the six months to March 2026 increased by 7.2% to £3,810.8m (2025: £3,555.7m), primarily driven by the growth in customer numbers. In line with expectations, our fleet has continued to increase, but at a slowing rate, with 6.6% growth in the twelve months to March 2026, compared with 12.7% and 13.3% growth seen in the corresponding periods in 2024 and 2025.

Our financial strategy aims to ensure that we will continue to provide a sustainable mobility solution for our customers into the long term. We remain committed to pricing a minimum 1.5% return on asset margin in our leases to maintain profitability over the longer term. Whilst the economic foundations of the Scheme remain solid, we remain exposed to the headwinds of macroeconomic factors including volatility in used-car values and inflation. Our strong capital base means that we are well-positioned to withstand market volatility through the economic cycle.

Our statutory pre-tax loss of £496.9m (2025: £144.6m) is principally driven by £410.8m of losses associated with a decline in the residual value of used vehicles. This resulted from a dampening in demand in the second-hand market in recent months due to increased competitiveness in the new-vehicle market and weaker macroeconomic conditions resulting largely from geopolitical uncertainty, with the war in the Middle East fuelling inflation. Due to the size of our fleet, relatively small movements in the residual value forecasts can have a significant impact on our reported result. A further £115.8m of our reported loss relates to the continuing recognition of one-off investments in completed customer support programmes, including the New Vehicle Payment (NVP) and Electric Vehicle (EV) initiatives. Despite these pressures, our financial position remains robust, supported by strong capital reserves, disciplined lease pricing, and £741.1m (€850.0m) of bond refinancing to fund vehicle purchases.



Matthew Hamilton-James
CFO, Motability Operations

Financial performance summary

Revenue

- Revenue for the six months to March 2026 increased by 7.2% to £3,810.8m (2025: £3,555.7m).
- Rental income rose 19.9%, driven by a 56,600 increase in customer numbers and the 1.7% uplift in mobility allowances introduced in April 2025.
- 124,500 vehicles were sold during the period, 4,200 fewer than in 2025, whilst average resale values have remained stable year on year. As a result, disposal proceeds declined by 3.2%.

Underlying pre-tax profit of £29.9m

- At the half year underlying profitability was £29.9m, reflecting continued improvements in our underlying performance driven partly by cost optimisation initiatives to maintain Scheme affordability. However, underlying profitability continues to track below our long-term target of 1.5% return on assets due to inflationary pressures on the extant book. In response to this, we update our pricelist each quarter, to ensure that prevailing cost and inflation assumptions are reflected in our prices and we protect the 1.5% priced margin. Given inflationary pressures across our sector, this has unavoidably led to an increase in customer Advance Payments (APs) for many vehicles compared with APs twelve months ago. As the Scheme will incur additional VAT and IPT from 1 July due to changes announced in the UK Government's Autumn 2025 Budget, we expect APs to rise further, notwithstanding the proposition changes we have introduced (particularly those related to excess mileage allowance), which will partly offset the impact of passing the new tax charges through to customers.

A challenging environment

- Adverse movements in used-car values in recent months have resulted from increased competitiveness in the new-vehicle market and changes in the macroeconomic environment, due partly to inflation fuelled by the war in the Middle East.

€850m raised in bond refinancing

- Strengthening liquidity and our ability to connect disabled people to freedom and independence through our fleet.

Underlying result before tax

We reported a statutory pre-tax loss of £496.9m (2025: £144.6m pre-tax loss), primarily driven by:

- Adverse residual value effects
- Ongoing recognition of customer support programme costs (NVP and EV investment)

To reflect the underlying performance, we adjust for discretionary and non-recurring items:

- Residual value effects:** A £66.9m loss was recognised from lower-than-expected resale values. A £220.0m adjustment has been recognised to reflect the decline in projected residual values of fleet vehicles, primarily due to weaker demand in the used vehicle market. These adverse movements in forecast residual values have also driven a net increase in the impairment of fleet assets of £123.9m.
- Customer support investments:** £78.8m (NVP) and £37.0m (EV) were recognised in the period. These one-off, timebound initiatives concluded in 2024 and were funded from reserves built up between 2020 and 2023.

After adjusting for these items, the Group made an underlying pre-tax profit of £29.9m (2025: £75.3m underlying pre-tax loss).



		Six months ended 31 March 2026 £m	Six months ended 31 March 2025 £m
	Note		
Loss before tax		(496.9)	(144.6)
Adjusting items			
New Vehicle Payment incentives	4	78.8	100.6
EV investment		37.0	41.9
Charitable donations	5	0.2	0.1
Residual value effects			
Losses/(gains) from disposal of fully terminated leases (inventory)	16	66.9	(15.0)
Residual value adjustments	6	220.0	1.3
Movement in provisions for impairment	9	123.9	(59.6)
Total residual value effects		410.8	(73.3)
Underlying profit/(loss) before tax		29.9	(75.3)

Residual values

Our statutory loss for the period has been significantly impacted by a decline in forecast residual values of fleet vehicles. This has resulted primarily from:

- **Increased competition in the new-vehicle market:** Manufacturer discounting of new vehicles, supported by subsidised finance and increased competition from newer entrants to the market, has compressed the price gap between new and used vehicles.
- **Geopolitical uncertainty and a weakening in macroeconomic conditions** have also dampened demand for used vehicles. The war in the Middle East is driving higher fuel costs, inflation and weaker consumer confidence.

As a result of these factors, there has been weaker demand for used vehicles in recent months, with many consumers opting to buy new or defer purchasing. This translates into a reduction in the forecast residual of our fleet. The losses recognised in the period for residual value effects have been skewed towards nearer-term lease expiries. Whilst there may be further volatility in residual values, we anticipate greater stability in such in the medium term.

Funding and liquidity

We continue to focus on maintaining a strong liquidity position and diversifying funding sources. In February 2026, we issued €850.0m of new bonds under our Social Bond Framework. These bonds support our fleet management and provide liquidity as we plan ahead. We do not expect to undertake additional refinancing over the next twelve months.

- Our £1.5bn revolving credit facility remains undrawn.
- Cash and cash equivalents totalled £810.7m as at 31 March 2026 (£1,347.5m at 31 March 2025).
- We maintain investment-grade credit ratings: A2 (Moody's, negative) and A- (S&P, stable).

Outlook

Whilst the economic environment in which we operate has been challenging in the period, with the war in the Middle East and increasing vehicle manufacturer competitiveness dampening demand for used cars in recent months, our business model has been designed to withstand these shocks. Our agile pricing strategy, whereby we review prices quarterly, helps to mitigate the risks posed by potential inflationary pressures. We remain committed to pricing a minimum margin of 1.5% return on assets to ensure sustained profitability over the longer term and a robust capital base, enabling us to keep delivering an affordable Scheme for our customers.

The tax changes announced in the Government's Autumn 2025 Budget, which will come into effect from 1 July 2026, will have a significant adverse impact on our cost base. To shield the majority of our customers from these additional costs, we have made changes to the Scheme without which the impact of the 2025 Budget would have been more significant for most customers. These changes ensure that the Scheme remains affordable and accessible to most customers, including those who need it most, and are designed to protect the long-term sustainability of the Scheme. We will continue to review the Scheme to ensure it continues to meet the needs of our customers in a changing economic environment.

With a resilient business model, strong capital base and disciplined pricing approach, we remain focused on delivering long-term value and independence for our customers as we navigate through this period of evolution and economic volatility. The Scheme is designed to be robust and sustainable in the long term, enabling us to continue to evolve and deliver as we move into the future.



Half Year 2026 Key Financial Highlights

Customer footprint

The customer fleet stood at 915,000 at the end of the first half of the financial year, reflecting a continued increase in demand, though at a slower pace than previous years.



Statutory result

Reported pre-tax loss of £496.9m, including £115.8m of investment in completed customer support programmes (NVP and EV).



Lease pricing discipline

New leases continue to be priced to deliver a minimum 1.5% return on assets following the end of customer support programmes.



Underlying result

Pre-tax profit of £29.9m following a return to underlying profitability in the second half of last year.



Used car values

Adverse residual value adjustments of £410.8m have been recognised in the period, as weaker demand in recent months has been driven by increased geopolitical uncertainty and manufacturer competitiveness.



Strengthened funding

Raised €850.0m in new refinancing through Social Bonds in February 2026 to allow us to continue to connect disabled people to freedom and independence through our fleet.



Capital position

Capital reserves stood at £3.5bn at March 2026 – maintaining a strong capital-to-asset ratio of 22%.



Risk management: Our dynamic and robust approach

At Motability Operations, we recognise that sound risk management is fundamental to the successful and sustainable operation of the business.

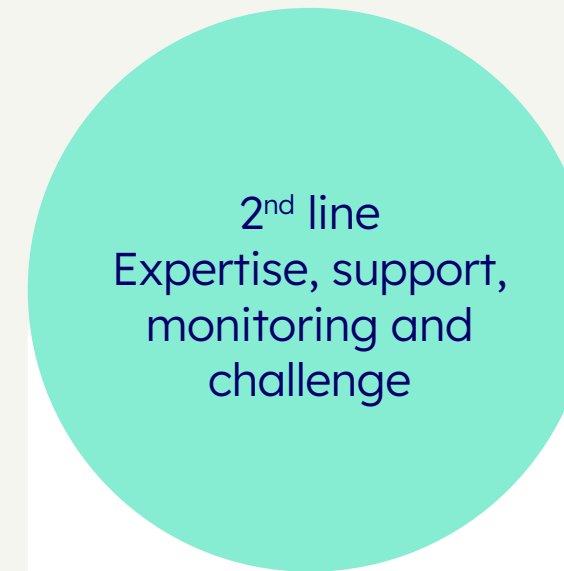
In the first half of the 2026 financial year, Motability Operations Group operated within an increasingly complex and fast-changing risk environment, shaped by the industry-wide transition to electric vehicles, sustained global economic volatility, and ongoing political and policy uncertainty. During this period, the Government also announced tax changes that will increase the cost of running the Motability Scheme. These interconnected factors are redefining our risk profile and require agile, forward-thinking strategies to ensure resilience and long-term sustainability. We remain firmly committed to safeguarding our customers' interests through a robust risk management approach that proactively mitigates financial, reputational, and operational threats to the business.

Aligned with the 'three lines of defence' model, our Risk Management function plays a vital role in coordinating, overseeing, and guiding risk and control activities across the business. This integrated approach spans all material risks, with clear ownership and accountability embedded throughout the organisation. Risk is a strategic enabler, integral to confident decision-making, agile planning, and effective fiscal management. As ownership is embedded in the first line, our teams are equipped to assess and respond to risks in real time, strengthening performance and resilience.

Our Risk Business Partners are key to this model, collaborating closely with operational teams to embed risk thinking into everyday activity. They provide support, constructive challenge and strategic insight, helping the business navigate uncertainty, enhance controls, and align risk management with strategic objectives. This partnership ensures risk is not only managed but actively contributes to business success. We have embedded an enterprise risk management (ERM) model, which is overseen by the Risk Management Committee (RMC), and which provides a holistic view of risk across the organisation.



- Controls designed into processes and procedures
- Risk assessments and control action plans
- Project risk identification and management processes



- Risk department activities
- Policies and procedures: for example, the Authorities Manual
- Executives and senior leaders have personal and functional accountability for identifying and managing risk
- Motability Operations Performance Report and KPIs
- Activities of the Board and Committees
- Risk Management Committee, focused on ERM and emerging risks



- Follow-up of agreed recommendations against implementation deadlines and subsequent reporting
- Internal Audit reviews

This business-wide lens enables us to assess interconnected risks, prioritise mitigation efforts, and ensure alignment with strategic goals. Our ERM framework supports informed decision-making at all levels, helping us anticipate challenges, protect value, and seize opportunities with confidence. We continuously evolve our risk framework to stay aligned with our strategy and operating environment.

We have designed our risk management framework around the 'three lines of defence' model for risk governance.

Risk identification and monitoring

The Risk Report on pages 34 to 40 of our 2025 Annual Report sets out the risks and uncertainties facing our business that the Board considers to be of most significance. Having subsequently reviewed those, the Board considers that they remain our principal risks and uncertainties. A summary of the key risks is set out below; for more detailed information, refer to the 2025 Annual Report and Accounts.

- **Residual Value Risk:** We provide our customers with a fixed price over their lease term, predominantly covering a three-year period. This underpins our most significant risk as we underwrite the exposure to unforeseen and material movement in the market value of second-hand vehicles.
- **Insurance Risk:** Insurance cost is one of the biggest risks we face, and because we fix this cost for our customers for between three and five years (depending on lease type or vehicle type), our exposure is larger than is typical in the market.
- **Affordability and Availability Risk:** Ongoing pressure on vehicle pricing and availability may limit the Scheme's ability to offer a broad range of competitively priced options that meet customer needs. This risk could reduce customer retention, weaken the Scheme proposition (particularly considering recent Scheme tax changes), and increase financial and reputational pressures on the business.
- **Legislation/Policy Risk:** Changes in government policy or legislation could materially impact the operation, funding, or eligibility criteria of the Scheme, potentially affecting customer access, compliance requirements, or financial sustainability.
- **Transformation Risk:** Failure to manage the transition to electric vehicles effectively could reduce Scheme sustainability and limit customer access to affordable mobility solutions.
- **Treasury Risk:** The availability of sustainable funding and liquidity is critical to our ongoing operation. Risks include those associated with exposure to interest and exchange rate movements, liquidity, future funding requirements, counterparty and operational risk.
- **Operational Risk:** The efficiency of our business is key to delivering excellent customer service and ensuring we maximise and protect the value of our assets.
- **Cyber/Information Security Risk:** We have a well-structured, layered approach to IT security and have implemented enhanced controls. We continue to monitor the ever-changing nature of the external threats faced and have established controls and an ongoing programme of development in this area.
- **Supplier Failure Risk:** Our core product offering is delivered through contracts with key suppliers who provide the vehicles, the vehicle insurance services, roadside assistance, and tyre and windscreen replacement services. The failure of a key supplier would create difficulty for customers and potentially have significant financial implications as we would need to seek alternative service providers.
- **Business Continuity Risk:** Business operations are reliant upon people, and the systems and activities managed by our employees, in conjunction with our key suppliers and partners. Any major and sustained disruption to these business activities caused by fire, flood, extreme weather, business systems, telecommunications or a natural or physical disaster such as a pandemic could have a significant impact on customers and the wider business objectives.
- **Climate Risk:** Climate change and sustainability are key issues for UK businesses. We could experience losses and/or reputational damage because of climate change and UK Government regulation to stop production of petrol and diesel vehicles by 2030. In addition, impacts could be seen through an increase in economic disruption from extreme weather events, such as flooding.
- **People Risk:** People and our culture are fundamental to the continued success of the business. People risk includes, but is not limited to, risks relating to talent attraction and retention, employee engagement, and Motability Operations' approach to hybrid working and diversity and inclusion.



Independent review report to Motability Operations Group plc

Conclusion

We have been engaged by Motability Operations Group plc (“the Company”) to review the condensed set of financial statements in the half-year financial report for the six months ended 31 March 2026 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-year financial report for the six months ended 31 March 2026 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (“ISRE (UK) 2410”) issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-year financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

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

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors’ responsibilities

The half-year financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-year financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-year financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group’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 Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-year financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.



Richard Pinks

for and on behalf of KPMG LLP

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

22 May 2026

Consolidated income statement

For the six months ended 31 March 2026

	Note	Six months ended 31 March 2026 £m	Six months ended 31 March 2025 £m
Revenue	4	3,810.8	3,555.7
Net operating costs excluding charitable donations		(4,030.2)	(3,450.9)
Charitable donations		(0.2)	(0.1)
Net operating costs	6	(4,030.4)	(3,451.0)
(Loss)/profit from operations		(219.6)	104.7
Finance costs	7	(277.3)	(249.3)
Loss before tax		(496.9)	(144.6)
Taxation	8	130.3	43.9
Loss for the period		(366.6)	(100.7)

All amounts in current and prior periods relate to continuing operations (see note 2).

The profit is non-distributable and held for the benefit of the Scheme.

The notes on pages 17 to 36 form part of these financial statements.

Consolidated statement of comprehensive income

For the six months ended 31 March 2026

	Note	Six months ended 31 March 2026 £m	Six months ended 31 March 2025 £m
Loss for the period		(366.6)	(100.7)
Other comprehensive income – items that may be reclassified subsequently to profit or loss			
(Losses)/gains on movements in fair value of cash flow hedging derivatives	14	(38.0)	28.0
Losses on cash flow hedges reclassified to the income statement	14	(22.4)	(35.7)
Tax relating to components of other comprehensive income		15.1	1.9
Other comprehensive loss for the period, net of tax		(45.3)	(5.8)
Total comprehensive loss for the period		(411.9)	(106.5)

Consolidated balance sheet

As at 31 March 2026

	Note	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
Assets				
Non-current assets				
Intangible assets		9.4	16.5	23.6
Property, plant and equipment		98.9	90.0	92.0
Assets held for use in operating leases	9	15,610.7	15,791.7	15,253.8
Financial assets at amortised cost		237.2	59.4	111.2
Prepayments, trade and other receivables		45.6	106.0	172.0
Derivative financial instruments	15	90.7	129.2	1.8
		16,092.5	16,192.8	15,654.4
Current assets				
Corporation tax receivable		17.2	41.8	68.4
Inventories	10	295.3	216.5	249.4
Financial assets at amortised cost		62.9	73.7	55.6
Cash and cash equivalents		1,001.5	1,209.9	1,504.2
Insurance receivables		120.6	141.6	237.4
Prepayments, trade and other receivables		745.4	750.7	778.7
Reinsurers' share of insurance provisions	13	1,119.2	1,061.8	616.3
Derivative financial instruments	15	0.2	-	-
		3,362.3	3,496.0	3,510.0
Total assets		19,454.8	19,688.8	19,164.4

Liabilities**Current liabilities**

	Note	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
Deferred rental income	11	(488.4)	(509.7)	(394.4)
Provision for customer rebates	12	(43.3)	(38.2)	(31.2)
Insurance payables		(113.2)	(136.9)	(116.5)
Trade and other payables		(325.5)	(316.3)	(334.3)
Provision for insurance claims outstanding	13	(1,467.0)	(1,323.2)	(946.0)
Financial liabilities	14	(919.6)	(1,118.4)	(781.9)
Derivative financial instruments	15	-	(13.8)	(33.0)
		(3,357.0)	(3,456.5)	(2,637.3)
Net current assets		5.3	39.5	872.7

Non-current liabilities

Deferred rental income	11	(537.0)	(567.4)	(673.2)
Provision for customer rebates	12	(46.7)	(52.9)	(49.1)
Financial liabilities	14	(11,787.2)	(11,326.3)	(11,410.9)
Derivative financial instruments	15	(14.1)	(0.6)	(102.9)
Deferred tax liabilities		(227.1)	(387.5)	(391.5)
		(12,612.1)	(12,334.7)	(12,627.6)
Total liabilities		(15,969.1)	(15,791.2)	(15,264.9)
Net assets		3,485.7	3,897.6	3,899.5

Equity

Ordinary share capital		0.1	0.1	0.1
Hedging reserve	14	(29.0)	16.3	7.5
Restricted reserves ¹		3,514.6	3,881.2	3,891.9
Total equity		3,485.7	3,897.6	3,899.5

1. Restricted reserves are retained for the benefit of the Scheme. As regards ordinary shareholders, there is no dividend entitlement. A reserves management policy has been established to ensure that the business and the customer proposition are sustainable throughout the economic cycle.

These financial statements on pages 14 to 36 were approved by the Board of Directors on 22 May 2026 and signed on behalf of the Board.



Andrew Miller
Chief Executive

The notes on pages 17 to 36 form part of these financial statements.

Consolidated statement of changes in equity

For the six months ended 31 March 2026

	Ordinary share capital £m	Hedging reserve £m	Restricted reserves £m	Total £m
At 1 October 2024	0.1	13.3	3,992.6	4,006.0
Comprehensive income				
Loss for the period	-	-	(100.7)	(100.7)
Other comprehensive income – items that may be reclassified subsequently to profit or loss				
Gains on movements in fair value of cash flow hedging derivatives	-	28.0	-	28.0
Gains on cash flow hedges reclassified to the income statement	-	(35.7)	-	(35.7)
Tax relating to components of other comprehensive income	-	1.9	-	1.9
Total comprehensive loss	-	(5.8)	(100.7)	(106.5)
At 31 March 2025	0.1	7.5	3,891.9	3,899.5
At 1 October 2025	0.1	16.3	3,881.2	3,897.6
Comprehensive income				
Loss for the period	-	-	(366.6)	(366.6)
Other comprehensive income – items that may be reclassified subsequently to profit or loss				
Losses on movements in fair value of cash flow hedging derivatives	-	(38.0)	-	(38.0)
Gains on cash flow hedges reclassified to the income statement	-	(22.4)	-	(22.4)
Tax relating to components of other comprehensive income	-	15.1	-	15.1
Total comprehensive loss	-	(45.3)	(366.6)	(411.9)
At 31 March 2026	0.1	(29.0)	3,514.6	3,485.7

The notes on pages 17 to 36 form part of these financial statements.

Consolidated statement of cash flows

For the six months ended 31 March 2026

	Note	Six months ended 31 March 2026 £m	Six months ended 31 March 2025 £m
Cash flows from operating activities			
Cash used in operations	16	-	(737.5)
Interest paid		(292.5)	(220.8)
Corporation tax received		9.5	27.4
Charitable donations		(0.2)	(0.1)
Net cash used in operating activities		(283.2)	(931.0)
Cash flows from investing activities			
Purchase of property, plant and equipment		(2.7)	(10.5)
Proceeds from sale of property, plant and equipment		0.1	0.2
Net (investments in)/divestment of financial assets at amortised cost		(167.1)	63.1
Net cash (used in)/generated from investing activities		(169.7)	52.8
Cash flows from financing activities			
New loans raised		-	(0.1)
Bonds issued		738.0	1,520.5
Bonds redeemed		(538.2)	(433.8)
Payments of principal portions of lease liabilities		(1.6)	(1.4)
Repurchase of preference shares		-	(10.0)
Net cash generated from financing activities		198.2	1,075.2
Net (decrease)/increase in cash and cash equivalents		(254.7)	197.0
Cash and cash equivalents at beginning of period		1,065.4	1,150.2
Cash and cash equivalents at end of period	16	810.7	1,347.2

Notes to the interim financial statements

1. General information

Motability Operations Group plc is a company incorporated and domiciled in the United Kingdom, whose shares are privately owned. The address of the registered office is 22 Bishopsgate, London, EC2N 4BQ.

Motability Operations Group plc ('the Company') and its subsidiaries will be referred to as 'the Group' in this report.

These condensed financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Company and Group operate.

This condensed set of financial statements does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the financial year ended 30 September 2025 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

This condensed set of financial statements has been reviewed, not audited.

Accounting convention

The financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets and financial liabilities (including derivative instruments) instruments; these are valued at fair value through profit or loss, apart from derivative instruments relating to cash flow hedges which are classified and measured at fair value through other comprehensive income.

2. Significant accounting policies

Basis of preparation

This condensed set of financial statements for the six months ended 31 March 2026 has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and IAS 34 Interim Financial Reporting as adopted for use in the UK. The condensed set of financial statements should be read in conjunction with the Group's annual financial statements for the year ended 30 September 2025, which were prepared in accordance with UK-adopted international accounting standards. The Group's significant accounting policies are contained within the Group's annual financial statements but an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the period is set out below. The annual financial statements of the Group for the year ended 30 September 2026 will also be prepared in accordance with UK-adopted international accounting standards.

The preparation of financial statements in conformity with UK-adopted international accounting standards ('IFRS') requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amounts, events or actions involved, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 September 2025, as described in those annual financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report of the latest Annual Report on pages 3 to 42. In addition, note 36 to the annual financial statements sets out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit, liquidity and foreign exchange risk. The Directors continue to adopt the going concern basis in preparing these financial statements, which they consider to be appropriate for the reasons set out below.

The Group has considerable financial resources, including restricted reserves of £3.5bn as at 31 March 2026 (30 September 2025: £3.9bn), together with a long-term contract with Motability to operate the Motability Scheme.

During the half-year period ended 31 March 2026, customer volumes increased by 2.4% to 915,000, driven by an additional 64,000 new business customers joining the Scheme, reflecting the continued growth in the eligible base of recipients of the qualifying disability allowances.

The Group reported a pre-tax loss of £496.9m for the period, principally driven by £410.8m of losses associated with a decline in the residual value of used vehicles. This reflects a reduction in demand in the second-hand market in recent months due to increased competitiveness in the new vehicle market and weaker macroeconomic conditions resulting largely from geopolitical uncertainty, with the war in the Middle East fuelling inflation. A further £115.8m of the reported loss relates to the continued recognition of one-off investments in completed customer support programmes, including the New Vehicle Payment (NVP) and Electric Vehicle (EV) initiatives, which concluded at the end of 2024.

Despite the loss in the period, the Group has maintained investment-grade credit ratings: A2 (Moody's, negative) and A- (S&P, stable) and has issued €850m of new bonds under its Social Bond Framework.

The Directors have prepared budgets and cash flow forecasts covering the period to 31 May 2027, being at least 12 months from the date of approval of this Half Year Report. The baseline forecast from 31 March 2026 reflects the most recent economic conditions and outlook.

In addition, the Directors have applied, in combination, severe yet plausible downside scenarios to the baseline forecast, reflecting the potential impact on operations and financial performance through a period of economic and market volatility. These include a deterioration in revenue from the disposal of operating lease assets, and financing impacts of a downgrade to the Group's credit rating.

2. Significant accounting policies continued

Within both the baseline and combined stressed forecasts the Group has significant headroom to:

- continue to fund the business and meet its liabilities using existing banking facilities, as detailed in note 14;
- meet the objectives of its capital and reserves management policy, as detailed in note 36 of the latest Annual Report; and
- comply with its debt financing covenants, as detailed in note 36 of the latest Annual Report.

The level of headroom in these severe but plausible scenarios indicates that no mitigating actions are required.

Consequently, the Directors are confident that the Group and the Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore the financial statements have been prepared on a going concern basis.

Taxation

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Seasonality

Each year there is a minor dip in the volume of new contracts in February and August as these are the months prior to the bi-annual changes of registration plates in March and September. This does not distort the half yearly reporting cycle as each occurrence is one month prior to the balance sheet reporting date. Any major charitable donations are normally authorised in the second half of each reporting year as results for the full year become more certain.

Adoption of new or revised standards

The following amendments to standards have been adopted in these financial statements. Their adoption has not had any material impact on the amounts reported, nor has it altered accounting policies.

IAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
IAS 7 (Amendments)	Statement of Cash Flows: Supplier Finance Arrangements
IAS 21 (Amendments)	Lack of Exchangeability

Future accounting developments

At the date of authorisation of these financial statements, the following standards, amendments and interpretations were in issue but not yet effective and have not been early-adopted by the Group.

IFRS 9 (Amendments)	Financial Instruments
IFRS 7 (Amendments)	Financial Instruments: Disclosures
IFRS 18	Presentation and Disclosure in Financial Statements

Other standards, amendments and interpretations not described above are not significant in scope for the Group.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies 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.

Judgements are made when applying significant accounting policies and the material impacts these judgements have on the reported numbers are disclosed below. Judgements and estimates also apply when preparing for going concern analysis and disclosures (see note 2).

The Company has no significant accounting estimates. The key estimates of the Group, which are set out below, arise in the Company's subsidiaries.

Key estimate: residual values of operating lease assets

The method by which the Directors have determined the Group's residual values of operating lease assets is disclosed in note 9 and the impact of the change in estimates during the year is disclosed in note 6.

Sensitivity analysis

Because of the inherent uncertainty associated with such valuation methodology and in particular the volatility of the prices of second-hand vehicles, the carrying value of the operating lease assets may differ from their realisable value (see note 9).

As at 31 March 2026, if the value of the expected net sales proceeds for our existing portfolio of operating leases were to decrease/increase by 1% from our estimates (1% being a reasonable, scalable base unit for movements in the used car market), the effect would be to increase/decrease the depreciation on these vehicles by £133.8m (30 September 2025: £134.8m; 31 March 2025: £128.5m).

Whilst some of this will crystallise at the end of the contracts (in particular in cases where the leases terminate early), for the majority of the fleet a revaluation exercise is undertaken in order to prospectively adjust the depreciation expense over the remaining terms of the leases. This would be booked from the start of the current accounting year onwards. A 1% fall would increase this year's depreciation charge by approximately £67.4m (30 September 2025: £48.2m; 31 March 2025: £56.9m). A 1% rise would decrease this year's depreciation charge by approximately £67.4m (30 September 2025: £48.2m; 31 March 2025: £56.8m).

Key estimates and judgements: insurance contracts

A judgement has been made as to whether any of the contracts issued by the Group meet the definition of an insurance contract under IFRS 17. The Group concluded that there are no contracts within the consolidated Group that meet the definition of an insurance contract under IFRS 17.

3. Critical accounting judgements and key sources of estimation uncertainty continued

The Group provides car insurance as a part of its all-inclusive leasing package to customers. As that insurance cover is non-optional and provided at the same time as the car lease is entered into, there is no pre-existing insurance risk prior to the car lease being entered into. On this basis, the insurance provided as part of the car lease does not fall within the scope of IFRS 17 but is instead treated under IFRS 15 as part of the services provided to the customer.

As required by IFRS 15, the Group has assessed whether it is principal or agent for each of the goods and services it provides to customers. The Group has made a judgement that it acts as principal for all of the goods and services provided on the basis that it is itself responsible under the terms of the customer contract for covering the costs of those services, and the Group controls the specified good or service before that good or service is transferred to a customer.

Claims arising from the insurance cover provided by the Group, including an assessment of claims incurred but not reported, are recognised as an obligation under IAS 37. As explained below, the valuation of the obligation is underpinned by traditional actuarial valuations of insurance claims.

The Group also has arrangements with Direct Line Group (DLG). The Group made a judgement that these arrangements are required to be treated on a combined basis for the Group as a consolidated undertaking under the IFRS framework. The combined effect of these arrangements, from the perspective of the consolidated Group, is the purchase of insurance, which is outside of the scope of IFRS 17.

There are many factors that cause uncertainty when the Group is estimating its ultimate claims liability. Principally, the complex nature of the bodily injury claims (in particular) usually results in a lengthy legal process during which the estimated claims quantum can fluctuate, and judgements are made by actuaries in the selection of appropriate actuarial methods when estimating the claims liabilities. The methods and basis of selection are described in more detail in note 13.

Therefore, the key estimates and judgements relating to insurance services concern the valuation of claims liabilities.

Valuation of insurance liability

The insurance liabilities are the best estimate of the expenditure required to settle the present obligation. Claims incurred include all losses occurring during the year (reported or not), related handling costs, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous periods. The provision for claims outstanding is made on an individual basis plus an estimate of the cost of claims incurred but not reported (IBNR) at the balance sheet date using statistical methods. The estimation of IBNR is generally subject to a greater degree of uncertainty than notified claims as some cases can take time to become notified and the total amount of the potential claim is not always apparent from initial information supplied to the insurer. In calculating the estimated cost of unpaid claims, the Group, in conjunction with independent actuaries, uses a variety of estimation techniques, generally based upon statistical analysis of both market data and its own historical experience.

The Group has assessed the continuing impact of repair claim inflation and concluded that the reserves held in the financial statements of the Group are adequate. See note 13 for details of claims reserves balances.

Sensitivity analysis

A 1% change in the insurance loss ratio (net of reinsurance) would impact pre-tax profits by £3.9m in the period (March 2025: £3.5m). The precise outcome of such changes would depend on the impacted layer and frequency of claims in each scenario. Note 13 describes in more detail the sources of uncertainty in the estimation of future claims payments.

Given the high inflationary environment observed in more recent years and uncertainty over future inflation, alternative adverse inflation scenarios have been considered which provide an indication of the sensitivity of the Group's insurance claims reserves to this assumption.

The reserving actuaries estimate that a 1% inflation increase over assumptions would result in an adverse movement of £3.4m (March 2025: £2.5m) on the Group's net-of-reinsurance provision for insurance claims outstanding.

MO Reinsurance Limited's low retention net of outward reinsurance limits the volatility in its net-of-reinsurance reserves resulting from any single loss, such that there is a reduced level of uncertainty within those reserves due to social inflation.

Alternative Performance Measures (APM): Underlying Profit

The Group exercises judgement in assessing whether specific transactions or events are classified as adjusting items in determining the Alternative Performance Measures. This assessment covers the nature of the item, cause of occurrence, drivers behind significant volatility, and scale of impact of that item on the reported performance. In some situations, the umbrella programme to which costs or loss of revenue relate is also taken into account in this assessment. The materiality of items classified as adjusting in the six months to 31 March 2026, and in the 2025 and 2024 financial years, is significant.

A reconciliation of loss before tax to underlying figures is presented below. Notes referenced against each item include additional information:

	Note	Six months ended 31 March 2026 £m	Six months ended 31 March 2025 £m
Loss before tax		(496.9)	(144.6)
Adjusting items			
New Vehicle Payment incentives	4	78.8	100.6
EV investment		37.0	41.9
Charitable donations	5	0.2	0.1
Residual value effects			
Losses/(gains) from disposal of fully terminated leases (inventory)	16	66.9	(15.0)
Residual value adjustments	6	220.0	1.3
Movement in provisions for impairment	9	123.9	(59.6)
Total residual value effects		410.8	(73.3)
Underlying profit/(loss) before tax		29.9	(75.3)

EV investment is an estimated value of revenue that would be generated from rentals receivable from operating lease assets, had margins associated with EV leases not been impacted by costs associated with the EV investment initiative.

4. Revenue

An analysis of the Group's revenue is provided below.

	Six months ended 31 March 2026 £m	Six months ended 31 March 2025 £m
Proceeds from disposal of inventory (former operating lease assets) ¹	1,776.8	1,834.6
Rentals receivable from operating lease assets ²	1,145.2	1,045.3
Rentals receivable from operating lease in-life services	183.3	146.0
Rentals receivable from operating lease insurance	628.8	441.2
Insurance reimbursements from disposal of operating lease assets	45.2	42.9
Finance income	23.8	35.0
Other income	7.7	10.7
Total revenue	3,810.8	3,555.7

- During the six months ended 31 March 2026, the Group made a loss of £69.7m on the disposal of inventory (former operating lease assets) (six months ended 31 March 2025: £21.2m gain). See note 16.
- Rentals receivable from operating lease assets are presented net of £78.8m charged due to the New Vehicle Payment (NVP) programme of lease incentives (six months ended 31 March 2025: £100.6m).

Rentals receivable from operating lease insurance arrangements are applied to the Group's insurance cover arrangements, i.e. premiums payable to third-party insurers including reinsurers and claims payable to third parties by the Group's reinsurance captive.

5. Segmental analysis

The Group is organised into two main operating segments: Scheme Operations and Fleet Reinsurance.

Scheme Operations

The main responsibilities of the Scheme Operations segment are:

- buying and selling assets for use in operating leases;
- arranging the funds to purchase the assets;
- leasing the assets to customers along with the associated costs; and
- providing customers with an all-inclusive service package.

The two main sources of income for this segment are proceeds from disposal of operating lease assets and rentals receivable from operating leases.

Fleet Reinsurance

The main responsibilities of the Fleet Reinsurance segment are:

- providing motor quota-share reinsurance to the Scheme-fronting insurer; and
- arranging reinsurance cover to limit the Group's exposure to the motor quota-share reinsurance.

The main source of income for this operating segment is inter-segment insurance premium income.

Segmental performance

Information on segmental performance is reported to and reviewed by the Executive Committee on a monthly basis. Management monitors the operating results of its operating segments separately for the purpose of making decisions about allocating resources and assessing performance. Segment performance is measured based on profit/loss after tax.

Inter-segment revenues comprise insurance premiums from Scheme Operations to Fleet Reinsurance and insurance reimbursements from Fleet Reinsurance to Scheme Operations, and are eliminated on consolidation.

The following tables present revenue and profit information regarding business operating segments for the six months ended 31 March 2026 and 31 March 2025.

	Scheme Operations £m	Fleet Reinsurance £m	Consolidation adjustments £m	Total £m
Six months ended 31 March 2026				
Rentals receivable for operating lease assets	1,145.2	-	-	1,145.2
Rentals receivable for operating lease in-life services	183.3	-	-	183.3
Rentals receivable for operating lease insurance	628.8	-	-	628.8
Proceeds from disposal of inventory (former operating lease assets), including insurance reimbursements:				
Proceeds from external parties	1,822.0	-	-	1,822.0
Inter-segment proceeds	63.5	-	(63.5)	-
Insurance income	-	407.8	(407.8)	-
Other revenue	18.3	13.2	-	31.5
Total revenue	3,861.1	421.0	(471.3)	3,810.8
Net book value of disposed operating lease assets	(1,949.2)	-	-	(1,949.2)
Fleet operating costs	(847.3)	-	407.8	(439.5)
Insurance claims and commission costs	-	(405.4)	63.5	(341.9)
Depreciation on assets used in operating leases	(1,072.3)	-	-	(1,072.3)
Other operating costs	(226.6)	(0.7)	-	(227.3)
Charitable donations	(0.2)	-	-	(0.2)
Net operating costs	(4,095.6)	(406.1)	471.3	(4,030.4)
(Loss)/profit from operations	(234.5)	14.9	-	(219.6)
Finance costs	(277.3)	-	-	(277.3)
(Loss)/profit before tax	(511.8)	14.9	-	(496.9)
Taxation	132.5	(2.2)	-	130.3
(Loss)/profit for the period	(379.3)	12.7	-	(366.6)

5. Segmental analysis continued

Six months ended 31 March 2025	Scheme Operations £m	Fleet Reinsurance £m	Consolidation adjustments £m	Total £m
Rentals receivable for operating lease assets	1,045.3	-	-	1,045.3
Rentals receivable for operating lease in-life services	146.0	-	-	146.0
Rentals receivable for operating lease insurance	441.2	-	-	441.2
Proceeds from disposal of inventory (former operating lease assets), including insurance reimbursements:				
Proceeds from external parties	1,877.5	-	-	1,877.5
Inter-segment proceeds	60.2	-	(60.2)	-
Insurance income	-	354.6	(354.6)	-
Other revenue	38.3	7.4	-	45.7
Total revenue	3,608.5	361.9	(414.8)	3,555.7
Net book value of disposed operating lease assets	(1,902.1)	-	-	(1,902.1)
Fleet operating costs	(733.9)	-	354.6	(379.3)
Insurance claims and commission costs	-	(375.7)	60.2	(315.5)
Depreciation on assets used in operating leases	(655.2)	-	-	(655.2)
Other operating costs	(198.0)	(0.7)	-	(198.7)
Charitable donations	(0.1)	-	-	(0.1)
Net operating costs	(3,489.3)	(376.4)	414.8	(3,451.0)
Profit/(loss) from operations	119.2	(14.5)	-	104.7
Finance costs	(249.3)	-	-	(249.3)
Loss before tax	(130.1)	(14.5)	-	(144.6)
Taxation	40.1	3.6	-	43.8
Loss for the period	(89.9)	(10.9)	-	(100.8)

The following tables show certain asset and liability information as at 31 March 2026, 30 September 2025 and 31 March 2025 regarding business operating segments.

	Scheme Operations £m	Fleet Reinsurance £m	Consolidation adjustments £m	Total £m
31 March 2026				
PPE & intangible assets	108.3	-	-	108.3
Assets held for use in operating leases (including inventories)	15,906.0	-	-	15,906.0
Derivative financial instruments	90.9	-	-	90.9
Insurance receivables	-	120.6	-	120.6
Reinsurers' share of insurance provisions	-	1,119.2	-	1,119.2
Prepayments, trade and other receivables including corporation tax	809.7	(1.5)	-	808.2
Financial assets	1,131.1	709.3	(538.8)	1,301.6
Total assets	18,046.0	1,947.6	(538.8)	19,454.8
Deferred rental income and provisions for rebates	(1,115.4)	-	-	(1,115.4)
Insurance payables	-	(113.2)	-	(113.2)
Trade and other payables	(325.4)	(0.1)	-	(325.5)
Financial liabilities	(12,927.3)	1.7	218.8	(12,706.8)
Deferred taxation	(227.1)	-	-	(227.1)
Provision for insurance claims outstanding	-	(1,467.0)	-	(1,467.0)
Derivative financial instruments	(14.1)	-	-	(14.1)
Total liabilities	(14,609.3)	(1,578.6)	218.8	(15,969.1)
Net assets	3,436.7	369.0	(320.0)	3,485.7
Ordinary share capital	0.1	320.0	(320.0)	0.1
Hedging reserve	(29.0)	-	-	(29.0)
Restricted reserves	3,465.6	49.0	-	3,514.6
Total equity	3,436.7	369.0	(320.0)	3,485.7

5. Segmental analysis continued

30 September 2025	Scheme Operations £m	Fleet Reinsurance £m	Consolidation adjustments £m	Total £m
PPE & intangible assets	106.5	-	-	106.5
Assets held for use in operating leases (including inventories)	16,008.2	-	-	16,008.2
Derivative financial instruments	129.2	-	-	129.2
Insurance receivables	-	141.6	-	141.6
Reinsurers' share of insurance provisions	-	1,061.8	-	1,061.8
Prepayments, trade and other receivables including corporation tax	898.0	0.5	-	898.5
Financial assets	1,276.8	612.5	(546.3)	1,343.0
Total assets	18,418.7	1,816.4	(546.3)	19,688.8
Deferred rental income and provisions for rebates	(1,168.2)	-	-	(1,168.2)
Insurance payables	-	(136.9)	-	(136.9)
Trade and other payables	(316.0)	(0.3)	-	(316.3)
Financial liabilities	(12,671.0)	-	226.3	(12,444.7)
Deferred taxation	(387.5)	-	-	(387.5)
Provision for insurance claims outstanding	-	(1,323.2)	-	(1,323.2)
Derivative financial instruments	(14.4)	-	-	(14.4)
Total liabilities	(14,557.1)	(1,460.4)	226.3	(15,791.2)
Net assets	3,861.6	356.0	(320.0)	3,897.6
Ordinary share capital	0.1	320.0	(320.0)	0.1
Hedging reserve	16.3	-	-	16.3
Restricted reserves	3,845.2	36.0	-	3,881.2
Total equity	3,861.6	356.0	(320.0)	3,897.6

31 March 2025	Scheme Operations £m	Fleet Reinsurance £m	Consolidation adjustments £m	Total £m
PPE & intangible assets	115.6	-	-	115.6
Assets held for use in operating leases (including inventories)	15,503.0	-	-	15,503.0
Derivative financial instruments	1.8	-	-	1.8
Insurance receivables	-	237.6	-	237.6
Reinsurers' share of insurance provisions	-	616.3	-	616.3
Prepayments, trade and other receivables including corporation tax	1,018.3	2.8	(2.0)	1,019.1
Financial assets	1,678.7	531.0	(538.8)	1,671.0
Total assets	18,317.4	1,387.7	(540.7)	19,164.4
Deferred rental income and provisions for rebates	(1,147.9)	-	-	(1,147.9)
Insurance payables	-	(116.5)	-	(116.5)
Trade and other payables	(336.0)	(0.3)	2.0	(334.3)
Financial liabilities	(12,411.4)	-	218.6	(12,192.8)
Deferred taxation	(391.5)	-	-	(391.5)
Provision for insurance claims outstanding	-	(946.0)	-	(946.0)
Derivative financial instruments	(135.9)	-	-	(135.9)
Total liabilities	(14,422.7)	(1,062.8)	220.6	(15,264.9)
Net assets	3,894.7	324.8	(320.0)	3,899.5
Ordinary share capital	0.1	320.0	(320.0)	0.1
Hedging reserve	7.5	-	-	7.5
Restricted reserves	3,887.1	4.8	-	3,891.9
Total equity	3,894.7	324.8	(320.0)	3,899.5

6. Net operating costs

An analysis of the Group's net operating costs is provided below:

	Six months ended 31 March 2026 £m	Six months ended 31 March 2025 £m
Net book value of disposed operating lease assets	2,051.8	1,813.3
Net book value of operating lease assets derecognised as insurance write-offs	(102.6)	88.8
Charitable donations	0.2	0.1
Fleet operating costs including insurance, maintenance and roadside assistance costs ¹	439.5	379.4
Insurance claims expense	341.9	315.5
Other operating costs	26.0	27.4
Employee costs	62.9	59.1
Other product costs including continuous mobility costs, adaptations support and communications	70.8	78.0
Legal and professional fees	12.6	15.4
Bad debt charges and movement in bad debt provisions	20.2	2.8
Management fees	0.4	0.4
Net operating costs before depreciation	2,923.7	2,780.2
Depreciation on assets used in operating leases	908.2	714.8
Impairment loss/(reversal) on assets used in operating leases	164.1	(59.6)
Inventory write-down	23.1	4.5
Depreciation and amortisation on property, plant and equipment and intangible assets	11.3	11.1
Net operating costs	4,030.4	3,451.0

1. These costs are presented net of insurance premium rebates.

The depreciation charge on assets used in operating leases includes a £228.6m charge (six months ended 31 March 2025: £20.6m charge) relating to changes in estimates of future residual values (see note 9).

Taking into account the depreciation changes on contracts that expired in the six months ended 31 March 2026, the total value of depreciation relating to changes in estimates, also called Residual Value Adjustments as disclosed in note 3, was a £220.0m charge (six months ended 31 March 2025: £1.3m charge).

7. Finance costs

	Six months ended 31 March 2026 £m	Six months ended 31 March 2025 £m
Interest and charges on bank loans and overdrafts	12.4	14.1
Interest on debt issued under the Euro Medium Term Note Programme	264.3	234.8
Interest on right-of-use leased assets	0.6	0.4
Total finance costs	277.3	249.3

8. Taxation

The major components of the consolidated tax credit are:

	Six months ended 31 March 2026 £m	Six months ended 31 March 2025 £m
Current tax		
UK current tax charge for the period	12.9	-
Isle of Man domestic top-up tax (Pillar Two)	2.2	-
Total	15.1	-
Deferred tax		
Origination and reversal of temporary differences	(145.4)	(43.9)
Total	(145.4)	(43.9)
Total tax credit on loss	(130.3)	(43.9)

The main rate of corporation tax is 25% (2025: 25%).

The Group's effective tax rate (excluding the impact of foreign tax rates and prior year adjustments) is a 25.9% credit (2025: 30.3% credit). This is different to the standard rate of tax, due primarily to non-taxable capital gains on disposals of motor vehicles for sales proceeds values exceeding the original cost of the vehicles purchased.

Tax paid

Under HMRC's quarterly instalment payments regime the Group has paid £2.5m of corporation tax relating to the current financial period (six months ended 31 March 2025: £33.2m). The Group received a tax refund of £12.0m relating to prior years during the six months to 31 March 2026 (six months ended 31 March 2025: £nil).

Pillar Two

The OECD released the Pillar Two Model Rules ('GloBE Rules') on 20 December 2021.

The GloBE rules enacted in the United Kingdom ('UK'), by Finance (No. 2) Act 2023, introduced a multinational top-up tax ('UK IIR') and domestic top-up tax ('UK DTT'), which first applied to the Group in the year ending 30 September 2025. No UK Pillar Two tax is expected for the current year, as the Group expects the UK to qualify for the transitional CbCR safe harbour.

The Isle of Man ('IOM') is the only jurisdiction besides the UK where the Group has a tax-resident entity (MO Reinsurance Limited ('MORL')). In November 2024, the IOM enacted a domestic top-up tax ('IOM DTT') in the Global Minimum Tax (Pillar Two) Order 2024, which will first apply to the Group in the year ending 30 September 2026. A current tax expense of £2.2m (six months ended 31 March 2025: £nil) has been recognised in respect of the IOM DTT charge on MORL, due to the IOM corporate income tax rate of 0% being lower than the Pillar Two minimum effective tax rate of 15%. No UK IIR charge is expected to arise as a result of the IOM DTT.

The Group has applied the exception to recognising deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12.

9. Assets held for use in operating leases

Motor vehicle assets

	Cost £m	Accumulated depreciation £m	Carrying amount £m
Cost			
At 1 October 2024	16,124.6	(1,829.3)	14,295.3
Additions	3,543.1	-	3,543.1
Depreciation	-	(714.8)	(714.8)
Impairment release	-	59.6	59.6
Transfer to inventory	(2,264.7)	335.2	(1,929.4)
At 31 March 2025	17,403.0	(2,149.3)	15,253.8
At 1 October 2025	18,207.5	(2,415.8)	15,791.7
Additions	2,942.4	-	2,942.4
Depreciation	-	(908.2)	(908.2)
Impairment charge	-	(164.1)	(164.1)
Transfer to inventory	(2,548.7)	497.6	(2,051.1)
At 31 March 2026	18,601.2	(2,990.5)	15,610.7

Residual values

Residual values represent the estimated net sale proceeds expected from the sale of assets at the end of the leasing period. A review is undertaken at the balance sheet date using market data to identify net residual values which could differ from the sum anticipated at the inception of the lease.

The assets' resale market value and disposal costs structure are monitored and the process of realising asset values is managed in order to seek to maximise the net sale proceeds.

The following residual values are included in the calculation of the net book value of fixed assets held for use in operating leases:

Years in which unguaranteed residual values are recovered

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
No later than one year	3,971.1	3,303.6	2,775.9
Later than one year and no later than two years	4,853.0	5,264.3	4,570.9
Later than two years and no later than three years	4,348.3	4,729.3	5,341.6
Later than three years and no later than four years	95.2	77.4	65.7
Later than four years and no later than five years	107.9	105.2	98.5
Total exposure	13,375.5	13,479.8	12,852.6

The total unguaranteed residual value exposure presented above consists of the original priced residual values net of revisions in estimation (see the 'key sources of estimation uncertainty' in note 3). The amounts resulting from changes in estimates on the live fleet at the balance sheet date are detailed below, together with the timing of the effects on the income statement.

Timing of revisions to original priced residual values included in the unguaranteed residual values above

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
Amounts released in prior periods	50.1	218.2	366.1
Amounts charged in current period ¹	(228.6)	(46.2)	(20.6)
Total adjustments to depreciation carried at 31 March/30 September ²	(178.5)	172.0	345.5
Amounts to be charged in future years	(272.7)	(47.2)	(97.0)
Total (decrease)/increase in estimated residual value	(451.2)	124.8	248.5

1. The amounts charged in the current period are recognised as depreciation on assets used in operating leases (see note 6).

2. The total adjustment to depreciation carried at 31 March 2026 of £(178.5m) (30 September 2025: £172.0m) is reflected within the accumulated depreciation balance of £2,990.5m (30 September 2025: £2,415.8m) on assets held for use in operating leases.

Impairment charges included in the net book value of operating leases

At each balance sheet date, a review is undertaken for triggers of impairment of the carrying value of the assets.

Impairment is defined as a position where the net book value is higher than the 'recoverable amount'. The recoverable amount is the assets' fair value less costs of disposal or their 'value in use'. Value in use represents the estimated future cash flows to be derived from continuing use of the assets, measured after applying an appropriate discount rate.

For the leased fleet, this is done by an evaluation of tranches of leases based on their month of inception. Where the net book value at the balance sheet date exceeds the recoverable amount, an impairment charge is booked to bring the carrying amount in line with the recoverable amount.

Included within the provision for impairment is a provision for onerous contracts. For any monthly tranche of customer lease contracts for which the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received under them, the present obligation under the contracts is recognised and measured as a provision, net of any impairment loss recognised for that tranche.

At 31 March 2026, following the re-estimation of the residual values, an impairment review was undertaken which resulted in the recognition of an impairment provision of £288.3m (six months ended 31 March 2025: £289.3m; 30 September 2025: £164.4m), which is expected to unwind during the next four financial years.

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
At 1 October	(164.4)	(348.8)	(348.8)
Utilisation of impairment losses	40.2	154.4	-
Impairment losses recognised	(182.0)	(106.1)	(6.8)
Reversal of impairment losses	17.9	136.1	66.3
Closing period	(288.3)	(164.4)	(289.3)

9. Assets held for use in operating leases continued

Years in which impairment charges are expected to unwind

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
No later than one year	234.0	72.4	157.8
Later than one year and no later than two years	41.3	48.7	120.9
Later than two years and no later than three years	11.5	32.5	10.6
Later than three years and no later than four years	1.5	10.8	–
Total	288.3	164.4	289.3

The Group as lessor

The future rentals receivable for operating lease assets under non-cancellable operating leases with customers, calculated with reference to the relevant disability allowances, for each of the following five periods after the balance sheet date are set out on the table below:

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
No later than one year	1,667.4	1,776.0	1,651.7
Later than one year and no later than two years	724.9	911.2	919.4
Later than two years and no later than three years	203.5	244.8	219.6
Later than three years and no later than four years	7.7	12.6	9.0
Later than four years and no later than five years	1.7	3.7	2.3
Total	2,605.2	2,948.3	2,802.0

10. Inventories

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
Ex-operating lease assets held for sale	295.3	216.5	249.3

Inventories represent operating lease assets previously held for rental to customers which have ceased to be rented and become held for sale as of the balance sheet date. As of the balance sheet date, £nil has been provided against irrecoverable vehicles (30 September 2025: £nil; 31 March 2025: £0.1m). During the period, there was a £23.1m write-off (six months ended 31 March 2025: £4.5m write-off). See note 6.

The total net book value of inventories disposed of in the period (including insurance write-offs) and included in net operating costs was £1,949.5 (six months ended 31 March 2025: £1,902.1).

The movements of inventories in the six-month periods ended 31 March 2026 and 2025 are as follows:

	£m
At 1 October 2024	226.5
Transfer from operating lease assets (note 9)	1,929.4
Disposals (including insurance write-offs)	(1,902.1)
Inventory write-down	(4.5)
At 31 March 2025	249.3
At 1 October 2025	216.5
Transfer from operating lease assets (note 9)	2,051.1
Disposals (including insurance write-offs)	(1,949.5)
Inventory write-down	(23.1)
Right to returned goods	0.3
At 31 March 2026	295.3

11. Deferred rental income

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
Current			
Customers' Advance Payments ¹	431.7	425.2	400.2
Vehicle in-life service income	33.0	27.1	11.8
Vehicle insurance income	23.7	57.4	(17.6)
Total current	488.4	509.7	394.4
Non-current			
Customers' Advance Payments ¹	410.9	422.7	427.8
Vehicle in-life service income	121.9	122.9	118.8
Vehicle insurance income	4.2	21.8	126.6
Total non-current	537.0	567.4	673.2
Total	1,025.4	1,077.1	1,067.6

1. Customers may choose a leased vehicle where the price exceeds the mobility allowance. In such cases, they make an Advance Payment which is recognised on a straight-line basis over the life of the lease.

11. Deferred rental income continued

Deferred income balances

Significant changes in the deferred income balances under IFRS 15 during the period are as follows:

	In-life services income £m	Insurance income £m	Total £m
At 1 October 2024	112.2	89.7	201.9
Revenue recognised that was included in the deferred income balance at the beginning of the period	(23.1)	(11.8)	(34.9)
Increases due to cash received, excluding amounts recognised as revenue	41.4	31.2	72.6
At 31 March 2025	130.5	109.1	239.6
At 1 October 2025	150.0	79.2	229.2
Revenue recognised that was included in the deferred income balance at the beginning of the period	(38.5)	(51.4)	(89.9)
Increases due to cash received, excluding amounts recognised as revenue	43.4	0.1	43.5
At 31 March 2026	154.9	27.9	182.8

Transaction price allocated to the remaining performance obligations

The future rentals receivable for in-life service costs under non-cancellable operating leases with customers, calculated with reference to the relevant disability allowances, for each of the following periods after the balance sheet date are:

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
No later than one year	322.7	317.2	300.1
Later than one year and no later than two years	201.5	206.6	214.8
Later than two years and no later than three years	77.6	74.7	78.3
Later than three years and no later than four years	12.2	12.0	10.8
Later than four years and no later than five years	3.9	4.1	3.9
Total	617.9	614.6	607.9

The future rentals receivable for insurance cover under non-cancellable operating leases with customers, calculated with reference to the relevant disability allowances, for each of the following periods after the balance sheet date are:

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
No later than one year	1,024.9	949.7	853.8
Later than one year and no later than two years	674.0	643.4	617.7
Later than two years and no later than three years	246.2	228.3	222.8
Later than three years and no later than four years	13.6	12.6	10.7
Later than four years and no later than five years	4.5	4.7	4.0
Total	1,963.2	1,838.7	1,709.0

12. Provision for customer rebates

	Good condition payments £m	Return to dealer payments £m	Total £m
At 1 October 2024	71.5	0.7	72.2
Provisions accrued during the period	34.1	0.1	34.1
Utilised during the period	(26.0)	–	(26.0)
At 31 March 2025	79.6	0.8	80.3
At 1 October 2025	91.1	–	91.1
Provisions accrued during the period	17.7	–	17.7
Utilised during the period	(18.8)	–	(18.8)
At 31 March 2026	90.0	–	90.0

Analysis of provisions

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
Included in non-current liabilities	46.7	52.9	49.1
Included in current liabilities	43.3	38.2	31.2
Total	90.0	91.1	80.3

Customer rental rebates occur under two conditions at the end of the contract:

- Good condition payments can be earned for keeping the vehicle in good condition during the lease.
- Return to dealer payments are payable in some situations when a lease terminates early and the vehicle is returned to the dealership.

These balances are always subject to some degree of uncertainty as the Board keeps the amounts of the payments under review.

13. Provision for insurance claims outstanding and insurance risk management

Insurance risk management

As part of its all-inclusive lease product, the Group covers the costs of liabilities associated with risks for which vehicle-users outside of the Group's customer base would standardly purchase motor insurance cover, including cover for personal accident, third-party liability and legal expenses. Notwithstanding that the Group has no arrangements meeting the definition of an insurance contract under IFRS 17 for the reasons explained in note 3, the Group is exposed to the risk that the event for which such cover is provided occurs and the risk associated with the uncertainty of the amount and timing of the resulting claim, which are together referred to in this report as 'insurance risk'.

The principal risks of this type to which the Group is exposed are underwriting risk and reserving risk. Underwriting risk is the risk of the Group making an inaccurate assessment of the cost of providing the liability cover afforded to customers under their lease contracts, and it results from the unpredictability of the risks covered by the Group. Reserving risk is the possibility that actual claims payments differ from the carrying amount of the insurance reserves. This could occur because the frequency or severity of claims is greater or less than estimated.

The Group manages this risk through a proactive approach, including:

- regular Board and insurance steering committee meetings, at which the claims information is analysed together with any material changes to the risk;
- the Board recognising that it is responsible for the assessment of the total cost of risk and setting of premiums which are commensurate with the exposure, revisable on a six-monthly basis based upon actuarially forecast information;
- the purchase of reinsurance to protect against losses exceeding individual or cumulative risk tolerances;
- insurance managers' receipt of claims data on a monthly basis, the content of which is reviewed and any unexpected movements queried;
- significant individual losses being notified separately and the development of claims monitored;
- appointment of independent third-party claims handlers, selected on the basis of their ability to manage significant claims volumes whilst negotiating efficient and equitable claims settlements; and
- a system of review being in place whereby all claims in excess of £1m are reported separately to the Group.

The Directors of the Group are responsible for ensuring that the premiums charged under the insurance services are commensurate with the estimated value of claims, operational costs and any remaining exposure presented to the Group. For all risks, the quantum of individual claims is managed by a prescribed system of proactive claims handling by the appointed claims handler.

Motor insurance risks

The Group provides insurance as part of the services included with the leases and has purchased a fleet block insurance policy from DLG to cover the full book. The Group further provides 80% motor quota-share reinsurance to Direct Line Group ('DLG') in respect of the fleet block insurance policy purchased from DLG. From the perspective of the consolidated Group, these arrangements, which are accounted for on a combined basis, result in a net purchase of insurance. Comprehensive cover is provided, including motor own damage, motor third-party damage and motor third-party liability. Due to the nature of this class of business, the frequency and severity of insured losses is difficult to predict. The Group mitigates its exposure through the purchase of appropriate reinsurance.

Sources of uncertainty in the estimation of future claim payments

Claims in respect of the motor quota-share reinsurance are payable on a loss-occurring basis. The Group is liable for all insured events that occur during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the timing of claims settlements. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is possible that the final outcome will prove to be different from the original liability established.

The estimation of the incurred but not reported (IBNR) reserve is determined by utilising an actuarial assessment and is based on historical claims experience. In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters, and legal advisers, and information on the cost of settling claims with similar characteristics in previous periods.

Reinsurance

The Group has limited its motor risk exposure by the purchase of reinsurance as follows:

- Quota-share reinsurance has been purchased to protect the Group against any individual losses exceeding the Group's net retention of £40,000 (2025: £40,000) for each and every claim.
- Excess-of-loss reinsurance protects the Group and ceding insurer against individual losses exceeding £5,000,000 (2025: £5,000,000 for each and every claim).
- Stop-loss reinsurance protects the Group against accumulation of losses on lower-value claims. Stop-loss reinsurance provides limited protection if the aggregate of all individual claims up to £40,000 exceeds pre-specified thresholds on any one contract year.

Claims which have not been recovered from reinsurers at the balance sheet date are included in insurance receivables in the balance sheet and are deemed to be fully recoverable. The Group manages its reinsurance risk through:

- regular Board and insurance steering committee meetings, at which the reinsurance markets are considered;
- the Group's policy to only select those reinsurers that have a minimum credit rating of A- or better;
- significant individual losses being notified separately and the development of the claim being monitored; and
- independent third-party reinsurance brokers being appointed on the basis of their ability to negotiate, recommend and place reinsurance with appropriate markets.

13. Provision for insurance claims outstanding and insurance risk management continued

Provision for insurance claims outstanding

These provisions comprise specific claims reserves including adjustments for insurance claims incurred but not reported (IBNR).

Claims reserves including IBNR

Claims reserves are stated gross of losses recoverable from reinsurers. In periods up to and including the period ending 31 March 2025, the provision for insurance claims outstanding was stated net of insured amounts recoverable from DLG such that the Group's reported provision for insurance claims outstanding reflected the 80% of the insurance book retained by the Group. In the period ended 30 September 2025 and subsequent periods (including the current reporting period), the Group is presenting the provision for insurance claims outstanding as 100% of the insurance book, with the corresponding recoverable asset included within reinsurers' share of insurance provisions. This change has no impact on reported net retained insurance liabilities, nor the reported performance of the Group. The gross claims development table shown in this note is now presented on the basis of 100% of the insurance book. The period ending 31 March 2025 has not been restated for this change on the grounds of materiality.

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
Motor quota-share reinsurance			
Notified claims reserves	1,406.9	1,268.4	808.2
IBNR reserve	60.1	54.8	137.9
IBNR recoveries	-	-	(90.2)
Third-party recoveries reserve	(142.4)	(134.0)	(107.2)
Reinsurance recoveries reserve	(976.8)	(927.8)	(526.1)
Total net retained	347.8	261.4	222.6
Included in liabilities	1,467.0	1,323.2	946.0
Included in assets	(1,119.2)	(1,061.8)	(723.4)
Total net retained	347.8	261.4	222.6

The Board utilises the Group actuary to undertake an actuarial study of the motor quota-share reinsurance claims reserves. The Group actuary has used a combination of methods to determine the estimate. The methods adopted are summarised below:

Chain Ladder method

The Chain Ladder method uses the development profile of paid or incurred claims on historical accident years to project the more recent accident years to their ultimate position.

Expected Burning Cost method

This method takes an assumed initial expected burning cost and estimates the ultimate cost directly based on this initial expectation. The initial expected burning cost has been derived based on the historical ultimate cost (from the Chain Ladder method on either paid or incurred claims as deemed appropriate) adjusted for frequency and average severity inflation as appropriate.

Inflation-Adjusted Approach

This allows for an explicit level of inflation, particularly where the claims data has not developed enough and hence is prone to more uncertainty. This method was used primarily for the 2022 and post-accident periods.

Frequency and severity methods

Frequency and severity are projected separately using the Chain Ladder method and then combined to provide ultimates.

The Directors have considered the report of the Group actuary and the peer review of an independent actuary, and the pattern of development is believed to be sufficiently consistent period on period to provide an appropriate basis to establish additional reserves.

Line items in the Group accounts

The following claims development tables flow through to note 5 (Segmental analysis) and note 6 (Net operating costs) as follows:

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
Insurance claims and commission costs			
Current year claims including IBNR	362.5	683.0	321.9
Prior year claims	(12.7)	(29.0)	(19.9)
Reinsurance commissions, MIB levies and administration fees	(7.9)	1.9	13.5
Insurance claims and commission costs	341.9	655.9	315.5

During the period, reinsurance commissions of £24.5m were booked (six months ended 31 March 2025: £2.4m) comprising a guaranteed element of £6.4m (six months ended 31 March 2025: £4.8m) and a variable element of £18.1m (six months ended 31 March 2025: £(2.4m)).

13. Provision for insurance claims outstanding and insurance risk management continued

Motor quota-share reinsurance

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each underwriting period has changed at successive period ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the balance sheet. An underwriting-period basis is considered to be most appropriate for the business written by the Group.

	Underwriting year ended 30 September 2021	Underwriting year ended 30 September 2022	Underwriting year ended 30 September 2023	Underwriting year ended 30 September 2024	Underwriting year ended 30 September 2025	Underwriting period ended 31 March 2026	Total
	£m	£m	£m	£m	£m	£m	£m
Estimate of ultimate claims cost							
At end of reporting period	467.3	560.0	632.3	1,082.8	1,252.1	646.8	
One year later	470.0	580.8	644.5	1,146.8	1,295.5		
Two years later	456.0	575.3	647.0	1,143.7			
Three years later	445.5	586.5	643.5				
Four years later	449.5	594.4					
Five years later	441.3						
Current estimate of cumulative claims	441.3	594.4	643.5	1,143.7	1,295.5	646.8	4,765.2
Cumulative payments to date	(427.6)	(521.4)	(555.3)	(874.7)	(868.0)	(255.1)	(3,502.1)
Rebates	33.4	35.0	34.3	9.1	-	-	111.8
Claims reserves in balance sheet	47.1	108.0	122.5	278.1	427.5	391.7	1,374.9
Claims reserves in respect of prior periods							92.1
Total liability included in the balance sheet							1,467.0

The table above is gross of the effects of reinsurance but net of subrogated claims recoveries. Rebates are amounts received relating to volume, referral and wholesale discounts from trade partners, which have reduced the cost of claims to the Group.

Current underwriting year

Changes in the driver risk profile have continued, together with growth in new vehicles. This is in addition to the high levels of repair cost inflation seen in the last few years, which is starting to show some signs of mean reversion in line with the general economic inflation. MORL has continued to adjust future premium pricing to address under-pricing during the year. The performance of the latest underwriting year is starting to align with the projected ultimate cost of claims, given premium updates to reflect the riskiness of the book accurately.

Prior underwriting years

Projected ultimate claims for years prior to the 2025 underwriting year have increased marginally due to a deterioration in the outlook of medium and large Bodily Injury claims for the run-off book. This is primarily driven by volatility which remains for Bodily Injury due to the new Ogden rate, previous and anticipated Judicial College updates, new Whiplash tariff, and risk of care cost inflation. The Group is focused on building a strong working relationship with DLG through effective claims interaction and operations management, while effectively managing the run-off RSA book. MORL reported underwriting profit in the period, which is the result of a combination of factors including deterioration in driver risk profile offset by corrective MORL loading.

	Underwriting year ended 30 September 2021	Underwriting year ended 30 September 2022	Underwriting year ended 30 September 2023	Underwriting year ended 30 September 2024	Underwriting year ended 30 September 2025	Underwriting period ended 31 March 2026	Total
	£m	£m	£m	£m	£m	£m	£m
Estimate of ultimate claims cost net of reinsurance							
At end of reporting period	220.6	289.8	311.1	548.5	683.1	362.7	
One year later	220.2	278.1	308.3	554.8	667.1		
Two years later	215.8	284.1	313.8	522.7			
Three years later	216.0	283.4	304.5				
Four years later	216.5	289.6					
Five years later	216.0						
Current estimate of cumulative claims	216.0	289.6	304.5	522.7	667.1	362.7	2,362.6
Cumulative payments to date	(240.6)	(301.6)	(327.2)	(517.1)	(548.0)	(171.7)	(2,106.2)
Rebates	26.7	28.0	27.4	7.3	-	-	89.4
Claims reserves included in balance sheet net of recoveries	2.1	16.0	4.7	12.9	119.1	191.0	345.8
Claims reserves in respect of prior periods							2.0
Total net liability included in the balance sheet							347.8
Comprises:							
Specific claims reserves including IBNR							1,467.0
Third-party recoveries reserve							(142.4)
Reinsurance recoveries reserve							(976.8)
Total							347.8

13. Provision for insurance claims outstanding and insurance risk management

continued

Movements in insurance liabilities

	Period ended 31 March 2026			Year ended 30 September 2025		
	Gross £m	Recoveries £m	Net £m	Gross £m	Recoveries £m	Net £m
Claims						
Notified claims including IBNR	1,323.2	(927.8)	395.4	830.0	(531.2)	298.8
Notified claims recoveries	(134.0)	-	(134.0)	(85.3)	-	(85.3)
Total at beginning of period	1,189.2	(927.8)	261.4	744.7	(531.2)	213.5
Cash paid for claims settled						
In the period	(403.3)	139.7	(263.6)	(669.9)	63.8	(606.1)
Movement in liabilities						
Current period claims including IBNR	584.3	(221.8)	362.5	845.0	(162.0)	683.0
Prior period claims	(45.8)	33.1	(12.7)	4.8	(33.8)	(29.0)
Impact of change to gross presentation ¹	-	-	-	264.6	(264.6)	-
Total at end of period	1,324.4	(976.8)	347.6	1,189.2	(927.8)	261.4
Notified claims including IBNR	1,467.0	(976.8)	490.2	1,323.2	(927.8)	395.4
Notified claims recoveries	(142.4)	-	(142.4)	(134.0)	-	(134.0)
Total at end of period	1,324.6	(976.8)	347.8	1,189.2	(927.8)	261.4

1. This includes the impact on the gross insurance liabilities moving to present 100% of the insurance book in the current year. This figure represents the adjustment as at 30 September 2025.

Notified claims recoveries and reinsurance on notified claims are included within insurance receivables.

14. Financial liabilities

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
Current			
Accrued interest and coupon	125.7	144.5	119.1
Cash in the course of transmission	190.8	144.5	156.9
Debt issued under the Euro Medium Term Note Programme (less unamortised discount and transaction costs)	599.6	823.3	502.3
Provision for restoration works ¹	1.5	2.8	-
Right-of-use asset lease liabilities	2.0	3.3	3.6
Total current	919.6	1,118.4	781.9
Non-current			
Bank loans	399.2	399.1	399.0
Debt issued under the Euro Medium Term Note Programme (less unamortised discount and transaction costs)	11,354.0	10,904.8	10,985.5
Provision for restoration works ¹	7.0	3.8	6.3
Right-of-use asset lease liabilities	27.0	18.6	20.1
Total non-current	11,787.2	11,326.3	11,410.9
Total	12,706.8	12,444.7	12,192.8
The financial liabilities are repayable as follows:			
On demand and no later than one year	919.6	1,118.4	781.9
Later than one year and no later than two years	6.4	301.8	604.2
Later than two years and no later than five years	3,025.4	2,724.5	2,637.0
Later than five years	8,755.4	8,300.0	8,169.7
Total	12,706.8	12,444.7	12,192.8

1. The provision for restoration works relates to costs to restore properties with leasehold improvements to appropriate conditions as specified within the lease contracts at the end of the leases.

All borrowings are denominated in (or swapped into) Sterling.

Bank borrowings

All bank borrowings as at 31 March 2026, 30 September 2025 and 31 March 2025 are at floating rates.

As at 31 March 2026, the Group has the following principal bank loans:

- a five-year term loan of £0.4bn taken out on 31 October 2022, extended for a second, and final, time by one year effective 31 October 2024; and
- a five-year revolving credit facility of £1.5bn taken out on 31 October 2022, extended for a second, and final, time by one year effective 31 October 2024 of which £nil was drawn on 31 March 2026 (30 September 2025: £nil). The facility repayment date is 31 October 2029.

All bank borrowings carry overnight SONIA interest rates plus bank margins at a market rate.

14. Financial liabilities continued

Debt issued under the Euro Medium Term Note Programme

Bonds issued under the Euro Medium Term Note Programme, net of unamortised discounts and issue costs, are analysed as follows:

	Issue date	Expiry date	Coupon rate %	Bond value currency m	Hedged value £m	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
Eurobond	03 July 2019	03 January 2026	0.375			-	523.6	502.3
Sterling bond	16 July 2014	16 July 2026	3.750			299.9	299.8	299.6
Sterling bond	08 February 2012	08 February 2027	4.375			299.7	299.5	299.3
Eurobond	20 January 2021	20 July 2028	0.125	€500.0	445.0	436.5	436.1	418.3
Sterling bond	03 July 2019	03 July 2029	1.750			397.8	397.5	397.2
Eurobond	24 January 2024	24 July 2029	3.625	€700.0	600.6	610.8	610.2	585.3
Sterling bond	29 November 2010	29 November 2030	5.625			299.4	299.4	299.3
Eurobond	17 June 2024	17 January 2030	4.000	€1,000.0	845.5	872.5	871.6	836.1
Eurobond	17 January 2023	17 July 2031	3.500	€500.0	441.9	436.2	435.8	418.0
Sterling bond	14 March 2017	14 March 2032	2.375			347.5	347.3	347.1
Eurobond	22 January 2025	22 January 2033	3.625	€750.0	631.7	654.2	653.4	626.9
Eurobond	24 January 2024	24 January 2034	3.875	€1,000.0	858.0	872.3	871.5	836.0
Sterling bond	11 September 2023	11 September 2035	5.625			247.0	246.9	246.7
Eurobond	17 June 2024	17 June 2035	4.250	€1,000.0	845.5	872.2	871.4	835.9
Sterling bond	10 March 2016	10 March 2036	3.625			594.0	593.7	593.4
Eurobond	22 January 2025	22 January 2037	4.000	€650.0	547.5	566.9	566.3	543.3
Eurobond	04 February 2026	04 February 2038	4.125	€850.0	739.3	741.1	-	-
Sterling bond	03 July 2019	03 July 2039	2.375			492.1	491.8	491.5
Sterling bond	20 January 2021	20 January 2041	1.500			345.2	345.1	344.9
Sterling bond	18 January 2022	18 January 2042	2.125			490.3	490.0	489.7
Sterling bond	17 January 2023	17 January 2043	4.875			347.6	347.5	347.4
Sterling bond	22 January 2025	22 January 2045	6.250			343.6	343.4	343.2
Sterling bond	11 September 2023	11 September 2048	5.750			397.7	397.5	397.5
Sterling bond	17 June 2024	17 June 2051	5.750			493.7	493.5	493.4
Sterling bond	24 January 2024	24 January 2054	5.625			495.4	495.3	495.3
						11,953.6	11,728.1	11,487.6

The repayment obligation in respect of Eurobonds is hedged by cross-currency swap contracts (note 15) for the purchase of Euro and sale of Sterling (as shown above where relevant) and is carried in the balance sheet net of the unamortised balance of the issuance costs.

The Company has a £15.0bn Euro Medium Term Note Programme with denominations of EUR 100,000. The bonds were admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The £15.0bn Euro Medium Term Note Programme of the Company is unconditionally and irrevocably guaranteed on a joint and several basis by Motability Operations Limited, a wholly-owned subsidiary. The payments of all amounts due in respect of notes will be unconditionally and irrevocably guaranteed on a joint and several basis by Motability Operations Limited.

The weighted average interest rates on borrowings as at 31 March 2026, 30 September 2025 and 31 March 2025 were as follows:

	31 March 2026 %	30 September 2025 %	31 March 2025 %
Current debt issued under the Euro Medium Term Note Programme	4.1	-	1.8
Current bank loans and overdraft	-	-	-
Non-current bank loans and overdrafts	4.5	4.7	5.2
Non-current debt issued under the Euro Medium Term Note Programme	4.5	4.4	4.5
Non-current preference shares	-	-	-

At 31 March 2026, 30 September 2025 and 31 March 2025, the Group had the following undrawn committed borrowing facilities:

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
Working capital facility ¹	100.0	100.0	100.0
Revolving credit facility	1,500.0	1,500.0	1,500.0
Total	1,600.0	1,600.0	1,600.0

1. Working capital facilities of the Group are cross-guaranteed between Group companies Motability Operations Limited and Motability Operations Group plc.

Undrawn committed facilities expire as follows:

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
No later than one year	-	-	-
Later than one year and no later than two years	100.0	100.0	100.0
Later than two years and no later than five years	1,500.0	1,500.0	1,500.0
Total	1,600.0	1,600.0	1,600.0

14. Financial liabilities continued

Other comprehensive income and the hedging reserve

Repayment obligations under Eurobonds and floating rate term loans are hedged to maturity against both currency and interest rate risk. Eurobonds are revalued at every balance sheet date using the closing exchange rate (i.e. the spot rate at the balance sheet date) in accordance with IFRS 9. Hedging derivatives are shown at fair value at the balance sheet date. The fair value is determined by discounting the future Sterling and Euro cash flows arising from the swaps to their present values, incorporating appropriate credit risk adjustments for both the Company and its derivative counterparties. The Euro-denominated elements are then translated into Sterling at the closing exchange rate.

Under the cash flow hedge accounting rules outlined in IFRS 9, to the extent the hedge remains effective, any resulting net valuation difference is shown (after tax) as a hedging reserve on the balance sheet, and any movements in the hedging reserve are recognised as other comprehensive income rather than through the income statement.

When exchange rates or expected interest rates change, this can lead to large fluctuations in these valuations. At 31 March 2026, the Eurobond debt liability was increased by £115.3m (30 September 2025: was increased by £92.9m). This movement of £22.4m is predominantly a result of Sterling rate changes against the Euro for the bonds in issue at both 31 March 2026 and 30 September 2025. The associated assets and liabilities relating to derivatives at 31 March 2026 were a net asset of £76.8m (30 September 2025: net asset of £114.8m). This movement of £38.0m is a result of a decrease in valuation. The net valuation difference at 31 March 2026 is therefore an asset of £38.5m which, after tax at 25%, leads to a hedging reserve balance of £29.0m.

Preference shares

Cumulative preference shares of £9,950,000 were issued on 30 June 2008 at an issue price of £1 per share. The Group repaid the preference shares in full on 31 December 2024. The preference shares were cancelled upon completion of the purchase. The shares carried interest at 7%. The preference shares of the Group were classified as a financial liability in accordance with the contractual obligation to deliver cash (both dividends annually, and repayment of principal to the shareholders on winding-up) as stated in the Memorandum and Articles of Association of the Company.

Right-of-use asset lease liabilities maturity analysis – contractual undiscounted cash flows

	31 March 2026 £m	31 March 2025 £m
No later than one year	3.1	4.3
Later than one year and no later than five years	15.2	11.7
Later than five years and no later than ten years	15.5	9.6
Later than ten years	0.8	1.2
Total undiscounted cash flows	34.6	26.8
Current	3.1	4.3
Non-current	31.5	22.5

The total cash outflow for leases during the period was £2.2m (2025: £4.0m).

Amounts recognised in the income statement

	Period to 31 March 2026 £m	Period to 31 March 2025 £m
Depreciation on the right-of-use assets	1.5	1.9
Interest expense	0.6	0.4
Total	2.1	2.3

15. Derivative financial instruments

	31 March 2026		30 September 2025		31 March 2025	
	Fair value £m	Notional amounts £m	Fair value £m	Notional amounts £m	Fair value £m	Notional amounts £m
Cash flow hedges						
Cross-currency swaps	74.0	5,955.1	115.8	5,753.9	(133.7)	5,753.9
Interest rate swaps	2.8	400.0	(1.0)	400.0	(0.5)	400.0
Total	76.8	6,355.1	114.8	6,153.9	(134.2)	6,153.9
Included in non-current liabilities	(14.1)	1,731.9	(0.6)	200.0	(102.9)	4,370.2
Included in current liabilities	-	-	(13.8)	738.2	(33.0)	738.2
Derivative financial instrument liabilities	(14.1)	1,731.9	(14.4)	938.2	(135.9)	5,108.4
Included in non-current assets	90.7	4,423.2	129.2	5,215.7	1.8	1,045.5
Included in current assets	0.2	200.0	-	-	-	-
Derivative financial instrument assets	90.9	4,623.2	129.2	5,215.7	1.8	1,045.5

15. Derivative financial instruments continued

Cross-currency swaps

The Company entered into cross-currency swap arrangements to hedge its currency rate risk on Eurobond debt as follows:

Issue date	Bond value currency m	Coupon rate %	Hedged rate %
20 January 2021	€500.0	0.125	1.083
17 January 2023	€500.0	3.500	4.737
24 January 2024	€700.0	3.625	5.110
24 January 2024	€1,000.0	3.875	5.414
17 June 2024	€1,000.0	4.000	5.503
17 June 2024	€1,000.0	4.250	5.777
22 January 2025	€750.0	3.625	5.662
22 January 2025	€650.0	4.000	6.002
04 February 2026	€850.0	4.125	5.762

Interest rate swaps

At 31 March 2026, the fixed interest rate varied from 3.97% to 3.41% (2025: the fixed interest rate varied from 3.9745% to 4.4335%) and the main floating rates are SONIA. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 March 2026 will be continuously released to the income statement in accordance with the maturity of the swap contracts. The following table details the contractual maturity of the Group's interest rate and cross-currency swap liabilities. The undiscounted cash flows are settled on a net basis.

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
No later than one year	(91.0)	(84.9)	(89.8)
Later than one year and no later than three years	(184.2)	(164.3)	(163.2)
Later than three years and no later than five years	(141.3)	(121.5)	(140.1)
Later than five years	(251.7)	(182.0)	(222.4)
Total	(668.2)	(552.7)	(615.5)

Further details of derivative financial instruments are provided in note 20.

16. Cash used in operations

Reconciliation of loss before tax to net cash flow from operating activities:

	Six months ended 31 March 2026 £m	Six months ended 31 March 2025 £m
Loss before tax	(496.9)	(144.6)
Adjustments for:		
Depreciation and amortisation charge on corporate assets	11.3	11.1
Depreciation charge on operating lease assets	908.2	714.7
Impairment loss/(reversal) for assets used in operating leases	164.1	(59.6)
Impairment loss for financial assets at amortised cost	0.1	-
Finance costs	277.3	249.3
Losses/(gains) on disposal of inventory (former operating lease assets) ¹	69.7	(21.2)
Losses on operating lease assets written off through insurance	57.4	45.8
Gains on disposal of corporate assets	(0.1)	(0.1)
Increase in inventory write-down	23.1	4.5
Increase in bad debt provisions	8.3	0.1
Operating cash flows before movements in working capital	1,022.5	800.0
Purchase of assets held for use in operating leases	(2,942.4)	(3,543.1)
Proceeds from sale of assets held for use in operating leases	1,776.8	1,834.6
Proceeds from insurance reimbursements of operating lease assets written off	45.2	42.9
Charitable donations paid	0.2	0.1
Increase in insurance receivables	21.0	(109.5)
Decrease/(increase) in other receivables	57.6	(28.9)
(Decrease)/increase in deferred rental income	(51.7)	132.5
(Decrease)/increase in provision for customer rebates	(1.1)	8.1
Increase in provision for net insurance claims	86.4	116.4
(Decrease)/increase in insurance payables	(23.7)	12.7
Increase/(decrease) in payables	9.2	(3.3)
Cash used in operations	-	(737.5)

1. £66.9m loss (six months ended 31 March 2025: £15.0m gain) relates to fully terminated leases (see APM as set out in note 3 and the Interim Management Report).

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Cash in the course of transmission is included within financial liabilities and represents committed transactions that have not cleared the bank at the reporting date, and are not therefore shown in bank overdrafts.

17. Analysis of changes in net debt

	At 1 October 2025 £m	Cash flows £m	Foreign exchange £m	Fair value movements £m	Amortisation of premiums and discounts and provision charge £m	At 31 March 2026 £m
Cash and cash equivalents in the balance sheet	1,209.9	(208.4)	-	-	-	1,001.5
Bank overdrafts and cash in the course of transmission	(144.5)	(46.3)	-	-	-	(190.8)
Borrowing due after one year	(399.1)	-	-	(0.1)	-	(399.2)
Debt issued under the Euro Medium Term Note Programme	(11,728.1)	(199.8)	(22.4)	-	(3.3)	(11,953.6)
Derivative financial instruments	114.8	-	-	(38.0)	-	76.8
Provision for restoration works	(6.6)	-	-	(1.9)	-	(8.5)
Right-of-use asset lease liabilities	(21.9)	2.2	-	(8.7)	(0.6)	(29.0)
Financing activities	(12,040.9)	(197.6)	(22.4)	(48.7)	(3.9)	(12,313.5)
Total net debt	(10,975.5)	(452.3)	(22.4)	(48.7)	(3.9)	(11,502.8)

	At 1 October 2024 £m	Cash flows £m	Foreign exchange £m	Fair value movements £m	Amortisation of premiums and discounts and provision charge £m	At 31 March 2025 £m
Cash and cash equivalents in the balance sheet	1,319.6	184.6	-	-	-	1,504.2
Bank overdrafts and cash in the course of transmission	(169.5)	12.8	-	-	-	(156.7)
Borrowings due after one year	(399.0)	-	-	-	-	(399.0)
Debt issued under the Euro Medium Term Note Programme	(10,362.3)	(1,086.6)	(35.7)	-	(3.1)	(11,487.7)
Derivative financial instruments	(162.1)	-	-	28.0	-	(134.1)
Preference shares	(10.0)	10.0	-	-	-	-
Provision for restoration works	(6.3)	-	-	-	-	(6.3)
Right-of-use asset lease liabilities	(25.2)	1.8	-	-	(0.4)	(23.8)
Financing activities	(10,964.9)	(1,074.8)	(35.7)	28.0	(3.5)	(12,050.9)
Total net debt	(9,814.8)	(877.4)	(35.7)	28.0	(3.5)	(10,703.4)

	31 March 2026 £m	30 September 2025 £m	31 March 2025 £m
Cash and cash equivalents	1,001.5	1,209.9	1,504.2
Derivative financial instruments	76.8	114.8	(134.2)
Current financial liabilities	(919.6)	(1,118.4)	(781.9)
Non-current financial liabilities	(11,787.2)	(11,326.3)	(11,410.9)
Total	(11,628.5)	(11,120.0)	(10,822.8)
Less interest accruals included in financial liabilities	125.7	144.5	119.4
Total net debt	(11,502.8)	(10,975.5)	(10,703.4)

18. Retirement benefit schemes

The Motability Operations Limited pension plan is a non-contributory group personal pension (money purchase) scheme. The charge for the six months ended 31 March 2026 amounted to £6,821,983 (six months ended 31 March 2025: £6,413,692). Net contributions due at the balance sheet date were £1,115 (31 March 2025: £nil).

19. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The Group's corporate and finance structures are set out in the 2025 Annual Report on pages 3 to 42.

Related parties comprise Directors (and their close families and service companies), the Motability Foundation and the shareholder banks. Transactions entered into with related parties are in the normal course of business. The relationship of the Company to Motability Foundation, the Charity, is set out on pages 13, 14 and 32 of the 2025 Annual Report.

Transactions

During the six months ended 31 March 2026, the Group paid £nil in donations to the Motability Foundation (six months ended 31 March 2025: £nil).

The funding of the Group through bank loans is provided by the shareholder banks on commercial terms (see note 7 for details of financing costs of bank loans); £0.1m of bank charges were also paid in the period (six months ended 31 March 2025: £0.1m). Additionally, total fees of £0.4m (six months ended 31 March 2025: £0.4m) were paid to the shareholder banks in proportion to their shareholdings for management services.

During the period, the Group made preference share dividend payments of £nil to the shareholder banks (six months ended 31 March 2025: £0.7m). During the previous year, on 31 December 2024, the Group settled the cumulative preference shares of £9,950,000 with the stakeholder banks.

At 31 March 2026, £905.5m of cash and cash equivalents were held with shareholder banks (30 September 2025: £1,104.3m; 31 March 2025: £1,437.8m). During the six months ended 31 March 2026, the Group received interest payments on these cash deposits totalling £12.7m (six months ended 31 March 2025: £8.7m).

The Group's bond issuances under the Euro Medium-Term Note Programme (see note 14) are arranged by the shareholder banks. During the six months ended 31 March 2026, the Group paid fees of £2.7m (six months ended 31 March 2025: £5.7m) in relation to bond issuances.

19. Related parties continued

The Group enters into cross-currency and interest rate swap contracts (see note 15) with the shareholder banks to mitigate its exposure to interest rate risk and foreign exchange risk as part of its financial risk management policy. During the six months ended 31 March 2026, the Group had a net payment of £0.5m (six months ended 31 March 2025: net receipt of £1.1m) in respect of interest rate swaps, and a net payment of £22.2m (six months ended 31 March 2025: net payment of £23.4m) in respect of cross-currency swaps.

20. Fair value of financial instruments

The fair value of financial instruments traded in active markets (debt issued under the Euro Medium-Term Note Programme) is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in active markets is determined by using valuation techniques. The following methods and assumptions were used to estimate the fair values of the financial instruments for disclosure purposes:

- the carrying value of cash and cash equivalents approximates to fair value due to its short-term nature;
- the carrying values less impairment provisions of trade and other receivables and payables are also assumed to approximate to their fair values due to the short-term nature of the trade receivables and payables;
- the fair value of debt issued under the Euro Medium Term Note Programme for disclosure purposes is based on market data at the balance sheet date; and
- the fair value of swaps (including credit risk adjustments) is determined by discounting future cash flows using current market data at the balance sheet date.

Categories of financial instruments

	31 March 2026 carrying value £m	31 March 2026 fair value £m	30 September 2025 carrying value £m	30 September 2025 fair value £m	31 March 2025 carrying value £m	31 March 2025 fair value £m
Cash and cash equivalents ¹	1,001.5	1,001.5	1,209.9	1,209.9	1,504.2	1,504.2
Trade receivables ²	243.5	243.5	262.2	262.2	273.1	273.1
Financial assets at amortised cost ³	300.4	292.3	133.2	130.6	167.3	164.8
Trade and other payables ²	(325.5)	(325.5)	(316.3)	(316.3)	(334.3)	(334.3)
Bank overdrafts ⁴	-	-	-	-	-	-
Cash in the course of transmission and accrued interest and coupon ²	(316.5)	(316.5)	(289.0)	(289.0)	(275.8)	(275.8)
Bank loans – current ⁴	-	-	-	-	-	-
Bank loans – non-current ⁴	(399.2)	(399.2)	(399.1)	(399.1)	(399.0)	(399.0)
Debt issued under the Euro Medium Term Note Programme ^{3,6}	(11,953.6)	(10,914.1)	(11,728.1)	(10,931.2)	(11,487.7)	(10,600.3)
Redeemable preference share liabilities ³	-	-	-	-	-	-
Provision for restoration works ²	(8.5)	(8.5)	(6.6)	(6.6)	(6.3)	(6.3)
Net non-derivative financial instruments	(11,457.9)	(10,426.5)	(11,133.8)	(10,339.5)	(10,558.5)	(9,673.6)
Interest rate swap – cash flow hedge	2.8	2.8	(1.0)	(1.0)	(0.5)	(0.5)
Cross-currency swap – cash flow hedge	74.0	74.0	115.8	115.8	(133.7)	(133.7)
Total financial instruments requiring fair value disclosure	(11,381.1)	(10,349.7)	(11,019.0)	(10,224.7)	(10,692.7)	(9,807.8)
Right-of-use asset lease liabilities ⁵	(29.0)	n/a	(21.9)	n/a	(23.7)	n/a
Total	(11,410.1)	(10,349.7)	(11,040.9)	(10,224.7)	(10,716.4)	(9,807.8)

1. Interest-bearing portion of the cash and cash equivalents consists of overnight deposits and money market funds.

2. Non-interest-bearing.

3. Bearing interest at fixed rate.

4. Bearing interest at floating rate.

5. Exempt from fair value disclosure under IFRS 7 paragraph 29(d).

6. Amounts are shown net of unamortised discounts, fees and transaction costs.

20. Fair value of financial instruments continued

Fair value measurements

IFRS 13 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (Level 3)

There are no Level 3 financial instruments in the Group.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the period no transfers were made (30 September 2025: no transfers).

Cash and cash equivalents, trade and other receivables, trade and other payables, cash in the course of transmission, accrued interest and coupon, and bank loans are not included in the table below as their carrying amount is a reasonable approximation of fair value.

	31 March 2026		
	Level 1 £m	Level 2 £m	Total £m
Non-derivative financial assets			
Financial assets at amortised cost	292.3	-	292.3
Financial liabilities	(10,914.1)	-	(10,914.1)
	(10,621.8)	-	(10,621.8)
Derivative financial instruments			
Interest rate swaps	-	2.8	2.8
Cross-currency swaps	-	74.0	74.0
	-	76.8	76.8
Total	(10,621.8)	76.8	(10,545.0)

	30 September 2025		
	Level 1 £m	Level 2 £m	Total £m
Non-derivative financial assets			
Financial assets at amortised cost	133.2	-	133.2
Financial liabilities	(10,931.2)	-	(10,931.2)
	(10,798.0)	-	(10,798.0)
Derivative financial instruments			
Interest rate swaps	-	(1.0)	(1.0)
Cross-currency swaps	-	115.8	115.8
	-	114.8	114.8
Total	(10,798.0)	114.8	(10,683.2)

	31 March 2025		
	Level 1 £m	Level 2 £m	Total £m
Non-derivative financial assets			
Financial assets at amortised cost	167.3	-	167.3
Financial liabilities	(10,600.3)	-	(10,600.3)
	(10,433.0)	-	(10,433.0)
Derivative financial instruments			
Interest rate swaps	-	(0.5)	(0.5)
Cross-currency swaps	-	(133.6)	(133.6)
	-	(134.1)	(134.1)
Total	(10,433.0)	(134.1)	(10,567.1)

Nature and characteristics of financial instruments in the fair value tables

The fair values of cash and cash equivalents, trade receivables and payables, bank loans and overdrafts, and cash in the course of transmission are considered to not be materially different from their book values. Market inputs to these values are considered, but because all of the assets mature within three months of the year end, the payables, overdrafts and cash in the course of transmission are also short term in nature, and the interest rates charged on the bank loans are reset to market rates on a monthly basis, minimal difference arises. The nature and characteristics of the Level 2 fair-valued items, i.e. issued debt, preference shares and swaps, are as described in note 25 of our latest Annual Report. Financial assets held at amortised cost are investments held by MORL. These have quoted prices and so are classified as Level 1.



Motability
Operations group plc