Investor Update

January 2026

Motability Operations group plc

Forward Looking Statements

This presentation contains certain forward-looking statements with respect to Motability Operations Group plc and its subsidiaries (together, the “Group”). These statements relate to, among other things, the Group’s strategy, business plans, future financial performance, funding, capital position, pricing, affordability, government policy impacts and market outlook.

Forward-looking statements are based on current expectations, assumptions and projections and are subject to known and unknown risks, uncertainties and other factors, many of which are outside the Group’s control, that may cause actual results, performance or outcomes to differ materially from those expressed or implied by such statements. These factors include, without limitation, changes in economic conditions, government policy or regulation (including taxation and welfare policy), funding and capital market conditions, vehicle residual values, insurance and operating costs, customer demand, and the transition to electric vehicles.

Forward-looking statements speak only as at the date of this presentation. The Group undertakes no obligation to update or revise any forward-looking statements to reflect events, circumstances or developments occurring after that date, except as required by applicable law or regulation.

This presentation should be read in conjunction with the Group’s most recent Annual Report and Accounts and, where relevant, the Offering Circular for the Group’s Euro Medium Term Note Programme, each of which contains a more complete description of the risks and uncertainties affecting the Group.

Introduction

Matthew Hamilton-James
Chief Finance Officer

Motability Operations group plc

Key Credit Highlights

- The largest fleet operator in the UK, providing mobility solutions to 890k+ disabled customers
- The sole operator of the Motability Scheme (since 1978), with a rolling 7yr notice provision
- Rental revenue stream direct from UK Government (index-linked) mitigating customer credit risk
- VAT exemption on lease rentals and sale of end-of-lease vehicles
- Price offering for eligible disabled customers consistently superior to alternatives
- Exceptional service quality reflected in customer satisfaction, renewal rates and advocacy scores
- Solid capital base – resilient liquidity planning
- Committed to strong investment grade ratings

Selected KPIs

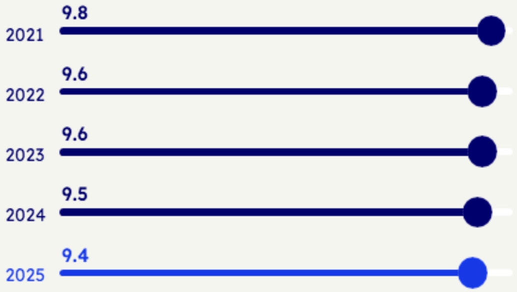
Overall customer satisfaction

We deliver by putting our customers at the heart of everything we do and listening to what our customers need.

9.4 out of 10*

Target of 9.2 out of 10

* Ipsos interviewed 5,572 Motability Scheme Car customers online between 27 February 2025 - 20 March 2025. Data has been weighted to the profile of Motability Scheme Car Fleet customers.

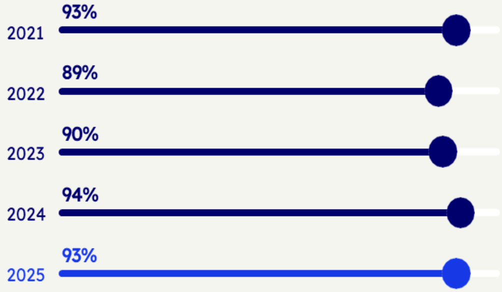


Customer renewal rate at the end of lease

Whether customers decide to renew at the end of the lease is a key measure of our success in delivering affordability, choice and customer service. During the year to September 2025 this was maintained at 93.2%, compared with a KPI target of 85%.

93%

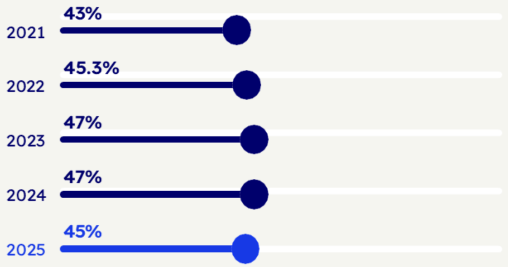
Target of >85%



Relative affordability – % cheaper than alternative

We benchmark ourselves using commercial contract hire quotations. These are usually unavailable to the general public and are likely to be less expensive than personal contract purchase quotations. Our economies of scale, operational efficiencies and a VAT concession (which is passed onto customers in lease pricing) deliver the majority of this differential.

45%



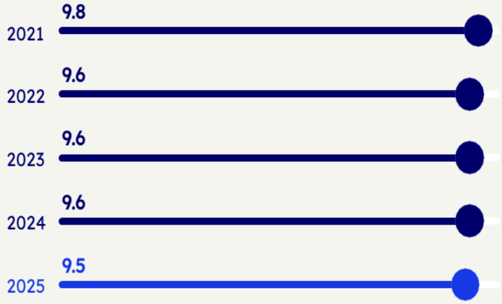
Customer advocacy

Existing customers are the Scheme's biggest advocates, with 9.5 customers out of 10 saying that they would recommend the Scheme to others.

9.5 out of 10*

Target of 8.5 out of 10

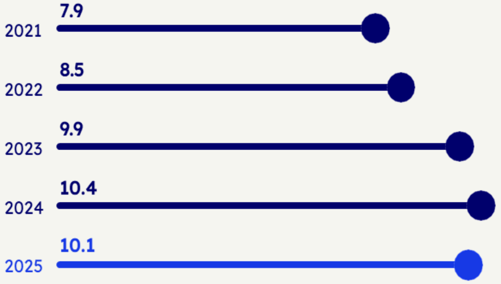
* Ipsos interviewed 5,572 Motability Scheme Car customers online between 27 February 2025 - 20 March 2025. Data has been weighted to the profile of Motability Scheme Car Fleet customers.



Debt maturity profile

The Group aims to retain a well-laddered debt maturity profile in order to effectively manage refinancing risk.

10.1 yrs



Motability Operations group plc

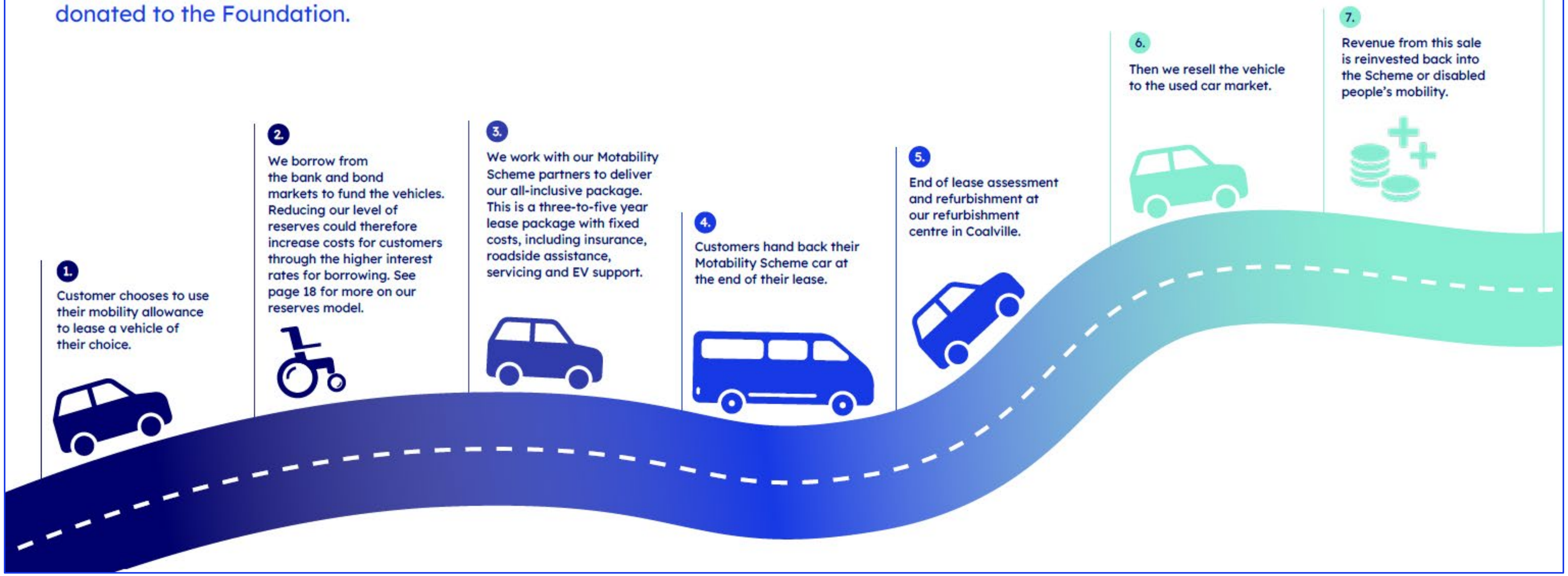
How the Motability Scheme works

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.

Motability Foundation
The Motability Foundation oversees the Motability Scheme and awards grants to help those most in need access it.

Motability Operations group plc
Owned by four shareholding banks who have waived their right to equity dividends.
Manages financing of the Motability Scheme.

Motability Scheme
Motability Operations delivers the Motability Scheme.



Contents

FY25 Performance Update

Motability Operations group plc

FY25 Results Summary

Revenue
£7.18bn
up 4% from 2024

£15.79bn
Assets held for use in Op. Leases

Post Tax Loss
£(111.4m)
2024 £(416m)

£3.88bn
Restricted Reserves

894k
Customers

£1.5bn
Undrawn bank facility

10.1 years
Average Debt Maturity

£0.96bn
Available Cash & Bank Balances

Motability Operations group plc

Reported Profit Summary

- 2025 profitability remains in-line with results reported at the Group's half year (£100.8m post-tax loss)
- The second six months performance has therefore delivered a broadly 'flat' financial results which aligns to the Group's expectation.
- Profitability is returning as RoA targets are fully priced into leases. The repricing dynamic is supported by a more stable used car market

For the year ended 30 September 2025

	2025 Group £m	2024 Group £m
Revenue	**7,183.6**	**6,898.9**
Net operating costs excluding charitable donations	(6,816.6)	(7,101.6)
Charitable donations	(0.3)	(0.2)
Net operating costs	(6,816.9)	**(7,101.8)**
Profit/(loss) from operations	**366.7**	(202.9)
Finance costs	(525.5)	(361.7)
Loss before tax	**(158.8)**	**(564.6)**
Taxation	47.4	148.3
Loss for the financial year	**(111.4)**	**(416.3)**

- The reported results are reflective of both current year performance but also customer support initiatives and impairment adjustments that have been brought forward from previous years.
- 2025's 'underlying result' is analysed on the following slide

Underlying Profitability

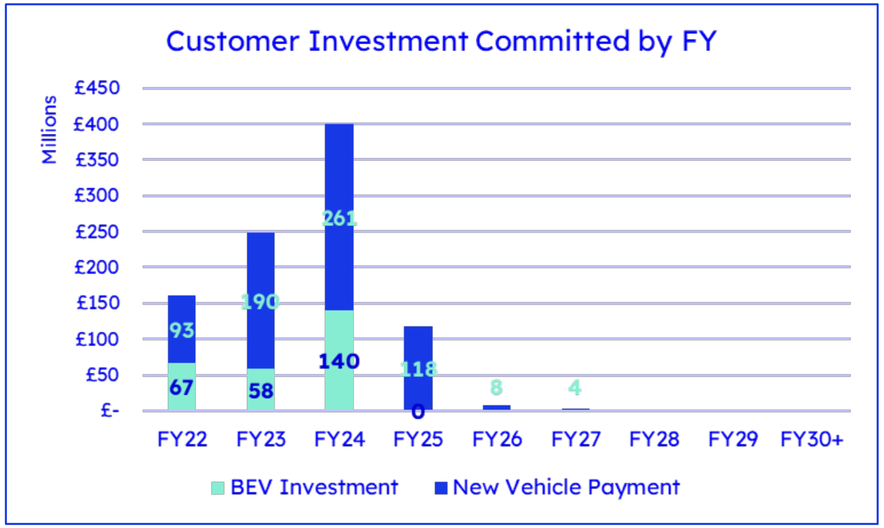
£m	2025	2024
Loss before tax	(158.8)	(564.6)
Adjusting items:		
New Vehicle Payment incentives	193.5	152.6
EV investment	82.7	57.7
Charitable donations	0.3	0.2
Residual value effects		
Gains from disposal of fully terminated leases	(5.7)	(8.9)
Residual value adjustments	5.7	(116.1)
Movement in provisions for impairment	(184.4)	348.8
Total residual value effects	(184.4)	223.8
Underlying loss before tax	(66.7)	(130.3)

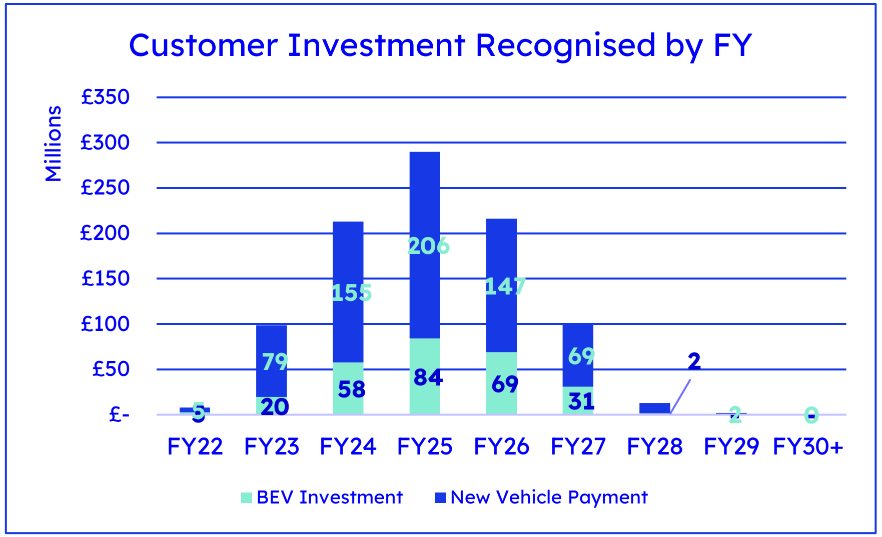
£m	6m to 31-03-25	6m to 30-09-25	12m to 30-09-25	12m to 30-09-24
Statutory loss before tax	(144.6)	(14.2)	**(158.8)**	**(564.6)**
Underlying (loss) / profit before tax	(75.3)	8.6	**(66.7)**	**(130.3)**

Customer support amounts decline at a rate of c.£100m per annum for FY26 and FY27.

Future unwinding of Impairment provisions are

	2026	2027	2028	2029
	£m	£m	£m	£m
Impairment	(72)	(50)	(33)	(10)



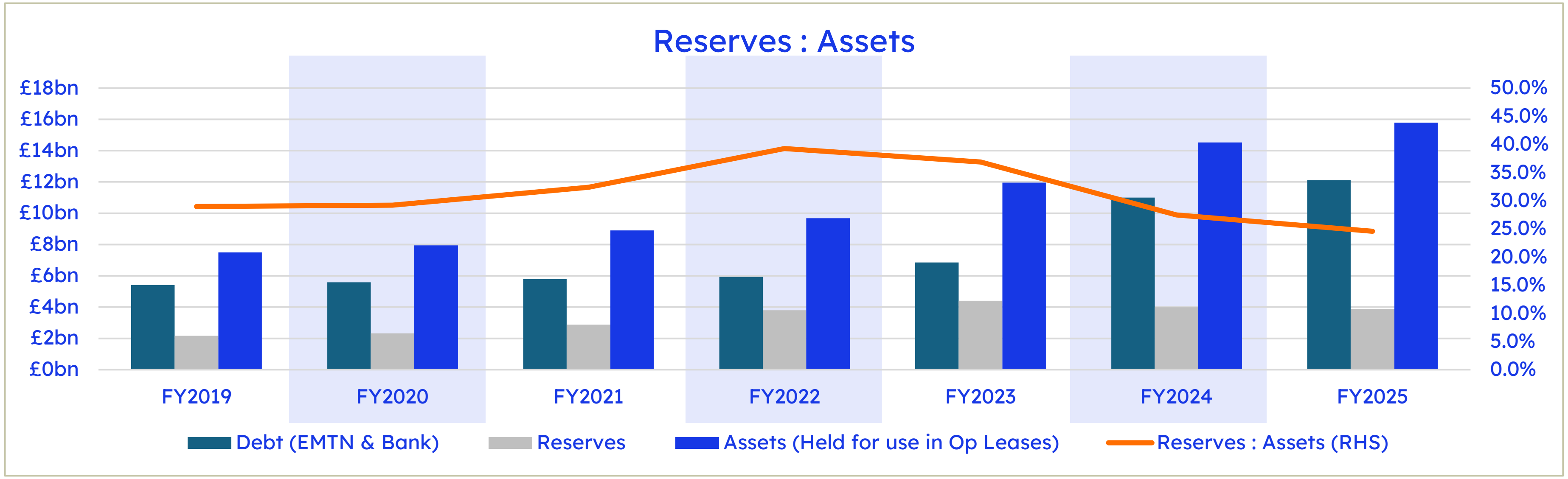


Motability Operations group plc

Key Ratios

Balance Sheet Performance	2019	2020	2021	2022	2023	2024	2025
Operating Lease Assets (£m)	7,496	7,952	8,791	9,564	11,721	14,295	15,792
Financial Liabilities (£m)	(5,405)	(5,587)	(5,847)	(5,986)	(7,088)	(11,066)	(12,447)
Retained Reserves (£m)	2,172	2,322	2,881	3,804	4,409	3,993	3,881
Reserves : Assets *	29%	29%	33%	40%	38%	28%	25%
Total Assets : Total Debt **	1.63	1.59	1.70	1.96	1.82	1.57	1.49
Average Debt Maturity	8.7 yrs	7.8 yrs	7.9 yrs	8.5 yrs	9.9 yrs	10.4 yrs	10.1 yrs
Customer Numbers 000's	631	635	649	652	710	815	894

Capital is held to ensure the Scheme remains solvent in the event of unexpected financial losses. This *minimum capital requirement* (MCR) is modelled using a 99.99% confidence interval. Reserves currently exceed this MCR



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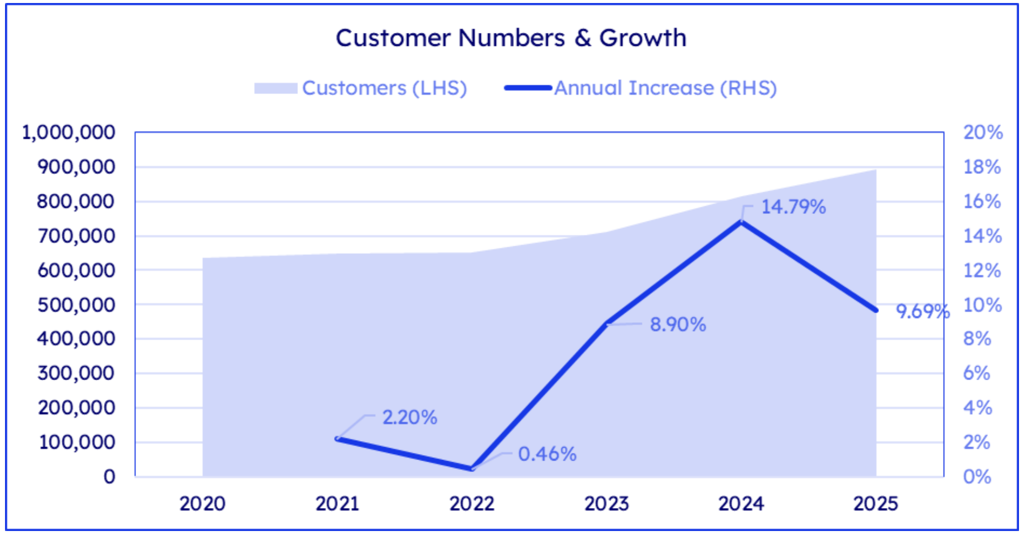
*Calculated as Retained Reserves/Operating Lease Assets

** Loan Facility Financial Covenant requirement to exceed 1.25

Customer Numbers

- Growth in 2025 was is in line with expectations
- 80,000 customers joined the Scheme (net) in 2025….+9.7%
- Future growth expected to be impacted by the changed underlying conditions the Scheme faces.
- These include;
  i. lease cost increases (already anticipated prior to the budget)
  ii. partial pass though of recent tax changes to customers (estimated at £400 per lease, see page 17)
  iii. Potential changes resulting from Timms Review due Autumn 2026
  iv. Face-to-face assessments (per Chancellor's speech)
- The Group is confident that it will be able to accommodate customer numbers, with an expectation that growth rates will slow into 2026 and beyond

Year End	Customers '000s	Annual Increase
2020	635	-
2021	649	2.20%
2022	652	0.46%
2023	710	8.90%
2024	815	14.79%
2025	894	9.69%



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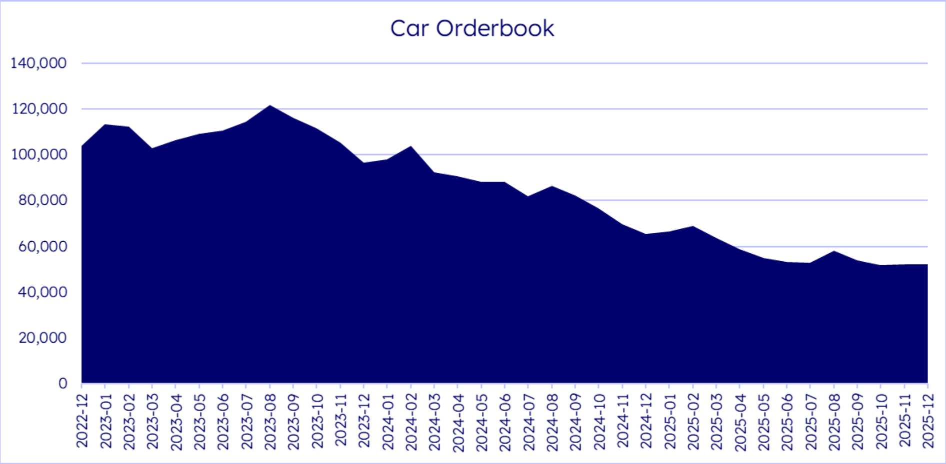
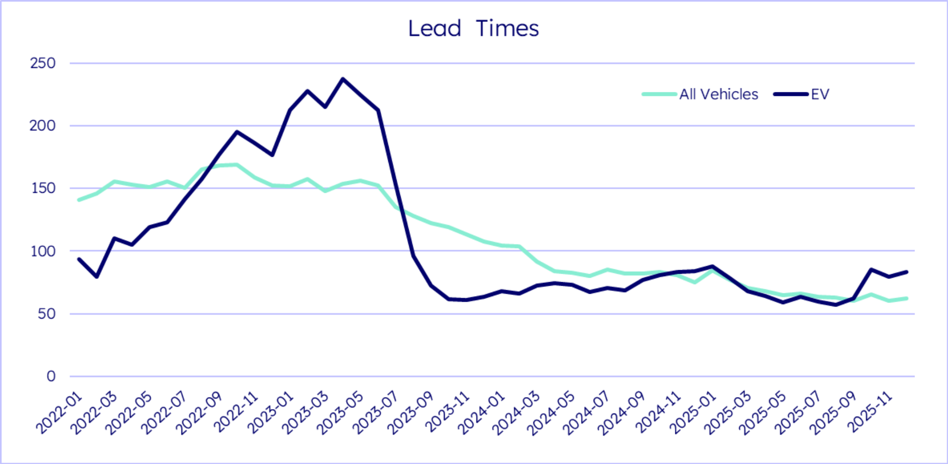
Orderbook & Lead Times

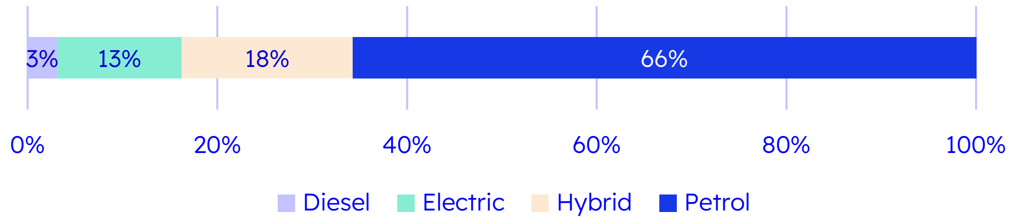
- During 2024 the new car market experienced a significant increase in vehicle supply compared to the previous couple of years where supply had been severely constrained. The increase was also significant in meeting pent-up demand since, during 2022/23, customer order books had grown to historically high levels for both new-to-Scheme and renewing customers.
- Consequently, the customer orderbook reduced from a high of c.120,000 in mid 2023 to c. 65,500 by December 2024. This had a major impact on the Group's capital expenditure during that year.
- 2025 has seen a return to a 'steady state' with consistent lead–times and a stable order book
- Total number of vehicles purchased in FY2025 was c.304,000; FY2024 was c.380,000



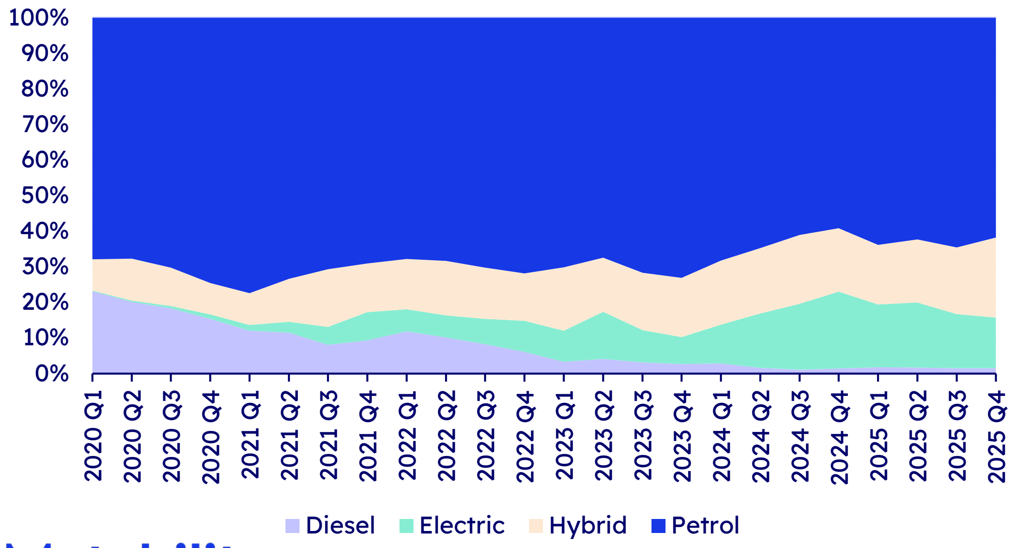


Fleet Transition

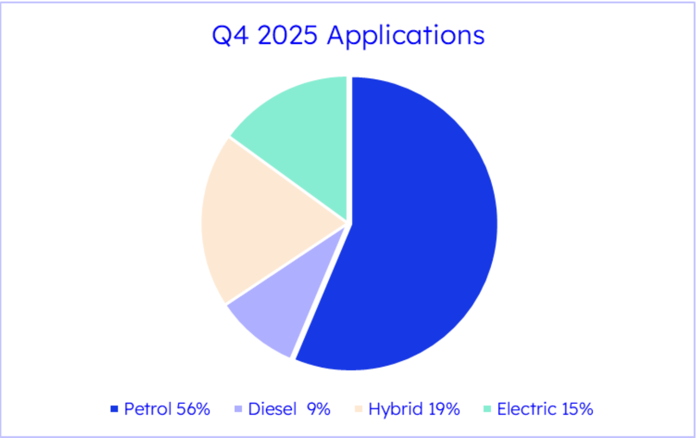
MO Car Fleet by Fuel Type – YE FY2025
(Source: MO, 2025)



MO Car Apps by Fuel Type – CY Quarter
(Source: MO, 2025)



- Transitioning customers to electric vehicles is progressing steadily, supported by improving availability and affordability. At the end of 2025 the Group's fleet of electric vehicles exceeded 100,000
- Customer EV uptake is slightly below the wider UK market, with factors including customer needs, limited access to some more highly priced brands, infrastructure readiness, and cost factors.
- Despite this, confidence remains high that EV adoption will grow as options expand, customer confidence increases, and ICE vehicles are phased out
- Our strategy remains focused on a sustainable, inclusive transition, ensuring that customers have access to suitable EVs at the right time.



Forthcoming Changes to the Motability Scheme

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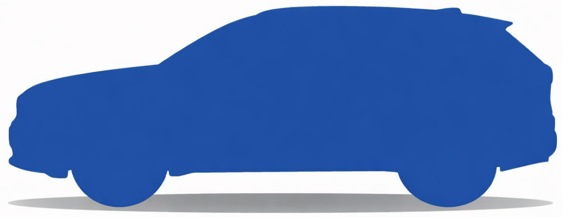
Updated Tax Position

- The November 2025 budget imposed some tax changes on the Scheme but our mission remains unchanged; supporting disabled people's independence through the Motability Scheme.
- Changes will only affect future leases (from July 26 onwards). Current leases are fully protected and there are no changes or no additional charges.
- The Motability Foundation has provided further detail on proposition updates for customers and can be accessed via https://news.motability.co.uk/scheme-news/motability-scheme-updates-your-questions-answered/#vat-tax-changes-costs
- New taxation: removal of IPT exemption and application of 20% VAT on customer advance payments (WAVs and substantially adapted vehicles remain exempt).
- **The zero-rating for VAT will continue to apply to lease rentals** and **vehicle resale at the end of lease.**
- These additional tax-related costs will be reflected in lease prices, and the Group is evaluating options to offset a proportion of this incremental cost through changes to the leasing package i.e. cost reductions elsewhere. To the extent that these additional costs are not offset, then lease prices - and so customers' Advance Payment (AP) – will increase. As outlined on the following slide, it is estimated that customer APs will increase by c.£400. Over 85% of customers currently lease a vehicle that requires an Advance Payment.
- As ever MO maintains a strong focus on affordability for all customers, as such a wide range of vehicles (~40) is expected to remain available with no upfront payment.
- **The Group will not compromise on including a margin of at least 1.5% Return on Assets in lease pricing**

Mileage Impact on Customer APs

- Early indications suggest the Group could offset c.£600 of additional tax-related costs (per lease) by revising fleet mileage allowances (currently 60k miles over 3 years included in lease price) and so reducing costs across three core lines.



- **Residual Values** Using a typical customer vehicle as an example and based on 2025 MO sales data, the following table indicates how increments of 5,000 miles impact residual values (sales proceeds) by £450 to £600

Mileage	15k (12.5k - 17.5k)	20k (17.5k - 22.5k)	25k (22.5k – 27.5k)	30k (27.5k – 32.5k)
Sales Value (rounded)	£16,550	£15,950	£15,500	£15,000

- **Service Maintenance & Repair (SMR)** Anticipated SMR costs are priced into leases. Lower mileage reduces mileage-triggered servicing and wear-related components. Benefits will differ by sectors with higher savings in larger vehicle segments.

- **Insurance** A strong positive correlation between mileage and claims costs. Costs primarily frequency driven with stable ‘cost-per-mile’. New insurance curve indicates c.5% cost reduction per 1,000 mile reduction

- Whilst we are still evaluating options, a reduction in the mileage allowance included in the lease (with mileage above this cap charged at an appropriate rate per mile) **can deliver > £600 per lease cost reduction**

Fleet Evolution

Premium Marques

- Following consultation with the UK government, the Scheme has been refocused to prioritise vehicles that best meet customer needs and offer strong value.
- Several premium manufacturers (Alfa Romeo, Audi, BMW, Lexus, and Mercedes-Benz) and all coupe and convertible models have been removed from the price guide and are no longer available for new applications.
- Existing in-progress applications will be honoured, and current leases will continue unaffected.
- As premium marques make up only around 5% of the fleet, most customer choices remain available, and confidence remains high that competition, buying power, and residual values will not be negatively impacted.

UK Produced Vehicles

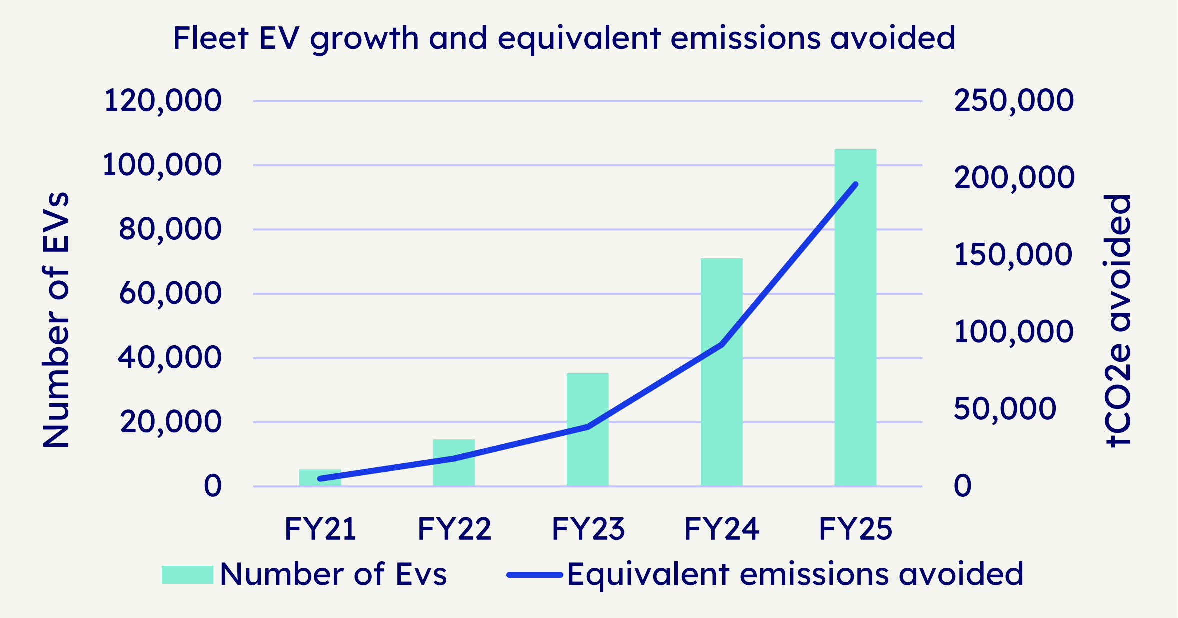
- The Group has made an ambitious undertaking to increase the proportion of British-built vehicles on the Motability Scheme to 25% by 2030 and 50% by 2035, supporting UK manufacturing, jobs, and skills.
- A key part of this plan is doubling the number of UK-built vehicles leased from Nissan from around 20,000 to 40,000, helping to achieve the 2030 target.
- From 2035, around 150,000 vehicles purchased annually would be built in Britain. This is more than the 100,000 British-built vehicles currently eligible to be leased on the Scheme. The Scheme wouldn’t intend to buy all eligible UK cars currently available, so this opens the door to new investment into UK car manufacturing.
- Currently, around 75,000 vehicles on the fleet are UK-built (c.9%), with Nissan accounting for the majority. The Scheme already contributes £4.3 billion to the UK economy and supports 34,000 jobs nationwide.

Impact & Sustainability

Motability Operations group plc

Impact and Sustainability

This year, we refined our approach to Impact & Sustainability, strengthening our resilience and inspiring new ways to support our customers. Embedding I&S across our business protects the Motability Scheme for the long term, ensuring disabled people stay mobile, creates greater social and economic value, and addresses our impact on the planet.



Certified B Corporation

We certified as a B Corp, scoring **100.4** in the B Impact Assessment

10% reduction in our carbon footprint

Published our first TPT-aligned **Transition Plan**

4.3% reduction in our gender pay gap

919 hours spent volunteering

105,000 Scheme EVs on the road

21.2% of customers report improved job opportunities

Our ESG scores

19.3 Sustainalytics	**A** MSCI	**B** CDP	**2.55** Bloomberg

Motability Operations group plc

We are a B Corp

Certified B Corporation

B Corps are for profit businesses that meet high social and environmental standards. B Corps are purpose-driven, use business as a force for good and believe in profit for purpose.

In meeting the high standards required of B Corps, MO is leading the way for large, purpose-led businesses in the UK.

B Corp recognises the significant difference we make for our disabled customers by awarding additional points for our impact-focussed business model.

B Corp Certification provides assurance that our **purpose** and **commitment to our customers** is at the heart of everything we do

B Corps outperform the market

20% turnover growth

11% headcount growth

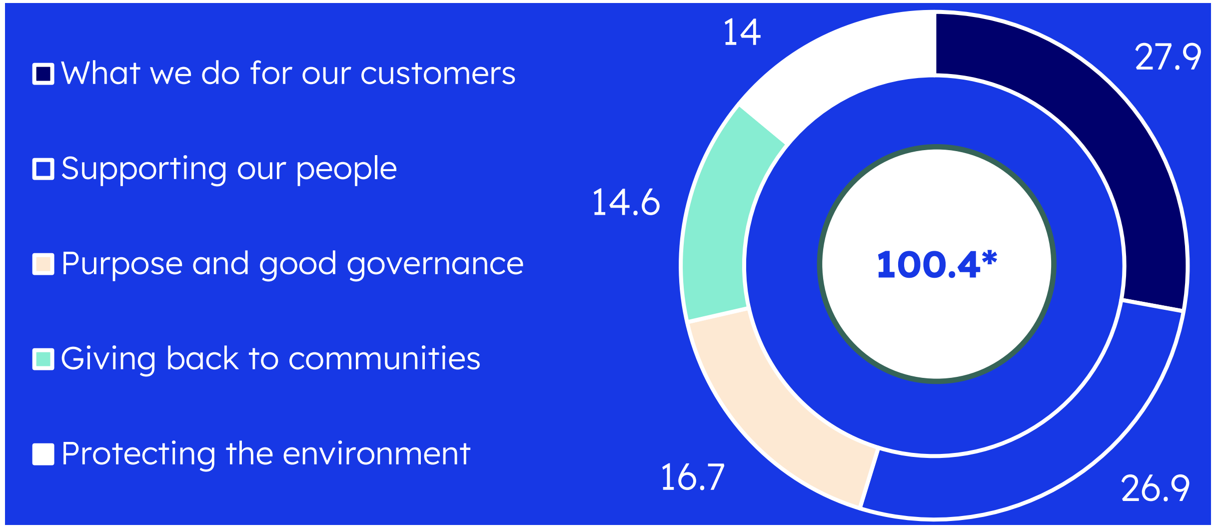
£149bn boost to UK GDP

Twice as likely to embed impact in decision making

8.4% more resilient than UK businesses

Motability Operations group plc

Our points reflect our purpose



* Totals may not equal the overall verified score (100.4) due to B Lab's category weighting and rounding

Transition Plan

Our Transition Plan is structured in line with the UK Transition Plan Taskforce (TPT) framework:

Our targets

Near term (2032)	
Scope 1 and 2	50.4% absolute reduction
Scope 3	58.1% per vehicle reduction
Net zero (2050)	
Scope 1 and 2	90% absolute reduction
Scope 3	97% per vehicle reduction

9.4 MtCO2e
our total carbon footprint in FY25

10%
reduction in our total footprint vs FY24

99%
of our footprint is made up of Scope 3 indirect emissions

SBTi
approved our long-term, net zero targets in FY25

Reducing our footprint

Our first Transition Plan, published in December 2025, sets out how we plan to achieve our target of net zero by 2050 at the latest.

The nature of our business means that over 96% of our emissions are associated with our car fleet. Helping out customers transition to electric vehicles is the single most significant thing we can do to reduce our emissions.

- Provide resources to guide purchasing decisions
- Provide affordable EV models

- Increase EV charging at MO office locations
- Improve building energy efficiency and optimise energy management data

Transaction Summary

Motability Operations group plc

Ratings

- The Group's 'A' ratings from both Moody's and S&P have been instrumental in securing competitively priced funding over many years. MO is committed to maintaining an A rating into the long term, a commitment that manifests itself as an 'Exec' target for remuneration purposes.

- Recent discussions with both agencies have been constructive with this commitment acknowledged along with the renewed, fleet-wide, pricing of at least 1.5% RoA on leases. However, agencies note that not all contributing factors lie within the control of Group. There is a recognition that external factors remain uncertain. Both were reassured that future tax changes do not impact either lease rentals or end-of-lease sales proceeds

Moody's Summary A2, Negative

- The business benefits from a strong, government-backed national franchise, stable revenues from mobility allowances, and a solid capital and liquidity position.

- However, profitability remains sensitive to market pressures, with exposure to residual value risk, high capital investment needs, and potential policy changes affecting disability benefits

MOODY'S RATINGS

S&P Summary A-, Stable

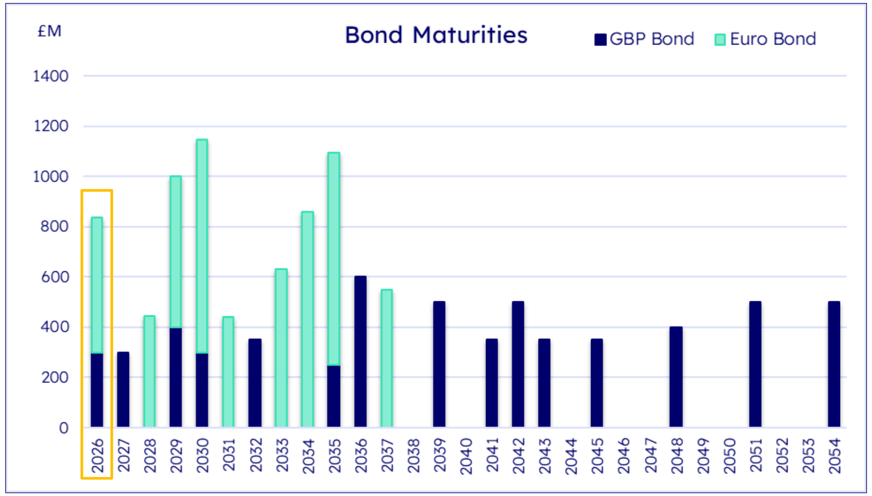
- Organisation benefits from its exclusive position operating the Motability Scheme, low client credit risk, and conservative capital and debt management.

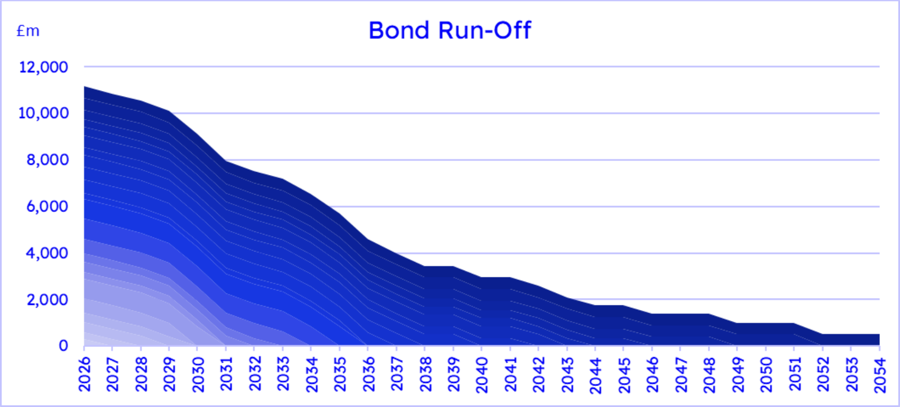
- Risks include exposure to residual value fluctuations, revenue concentration in vehicle leasing, and limited headroom under interest coverage metrics.

S&P Global Ratings

Funding Considerations

- We settled the first of the 2026 maturities in early January 2026 (€600m) with a £300m maturity due in July. Overall £838m GBP equivalent will be repaid in 2026.
- 2026 funding requirements are therefore heavily influenced by these maturities.
- Whilst customer numbers are expected to continue to increase (at a slowing rate), the required capital expenditure can be accommodated by replacement-based bond(s) and existing cash balances
- Issuance will be under the Group's Social bond framework as all bonds have been since 2021.
- The bond(s) will be rated by Moodys and S&P





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- VAT exemption on lease rentals and sale of end-of-lease vehicles
- Price offering for eligible disabled customers consistently superior to alternatives
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- Solid capital base – resilient liquidity planning
- Committed to strong investment grade ratings

Appendix

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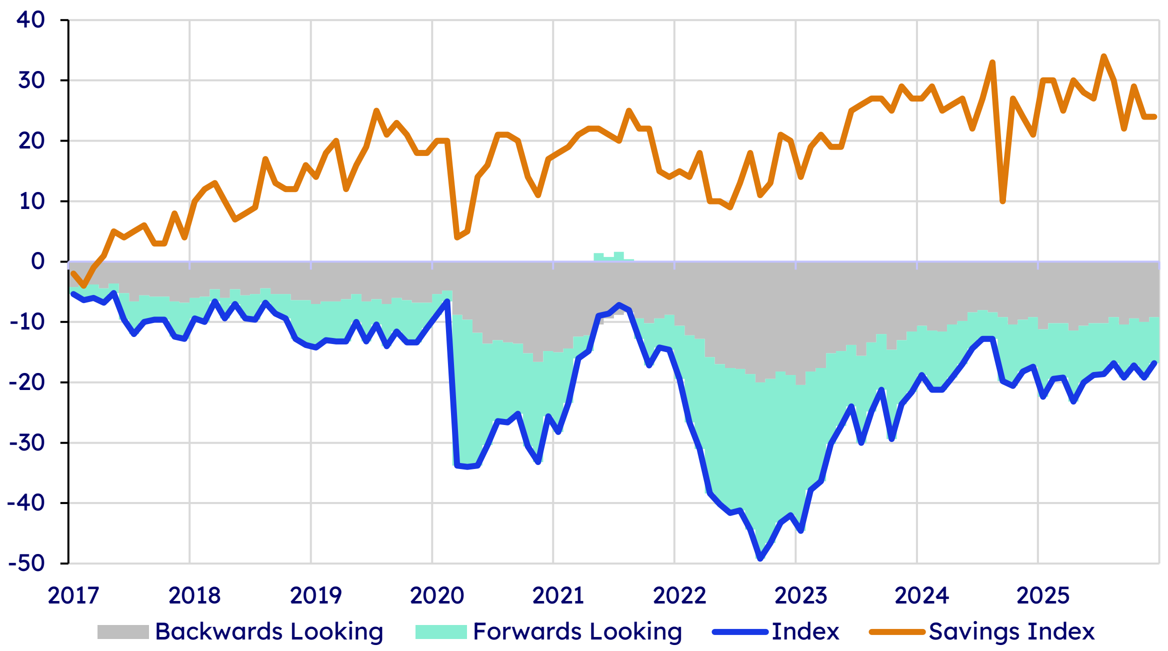
Operating Environment

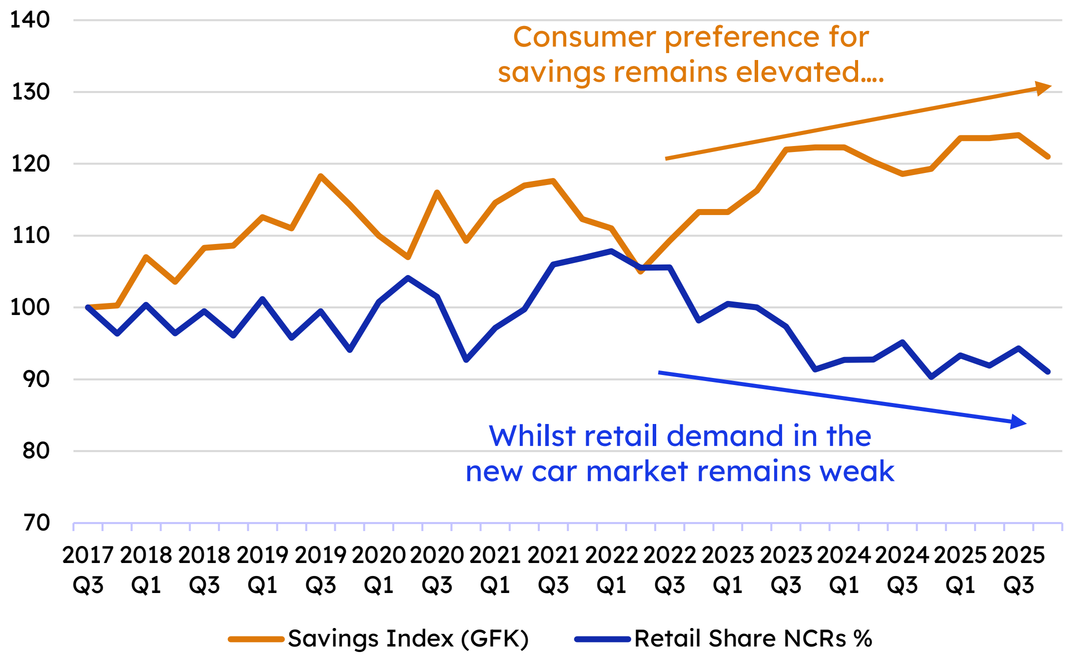
New & Used Car Markets

Used demand supported by UK economic outlook

GFK UK Consumer Confidence
(Source: Nielsen, 2026)



GFK Savings Index vs. Retail % Share New Car Market
(Source: Nielsen, 2026 – Index = 100, 2017Q3)



- Consumer confidence has stabilised around -20, below the pre-Covid average of -10, while the savings index remains elevated, reflecting households' caution and preference to save rather than spend.
- This environment has kept new retail car demand subdued, with retail share of the new car market trending lower.

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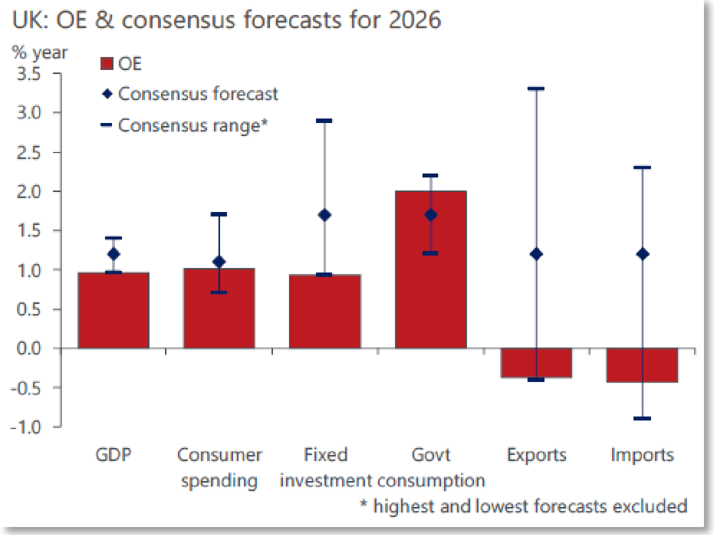
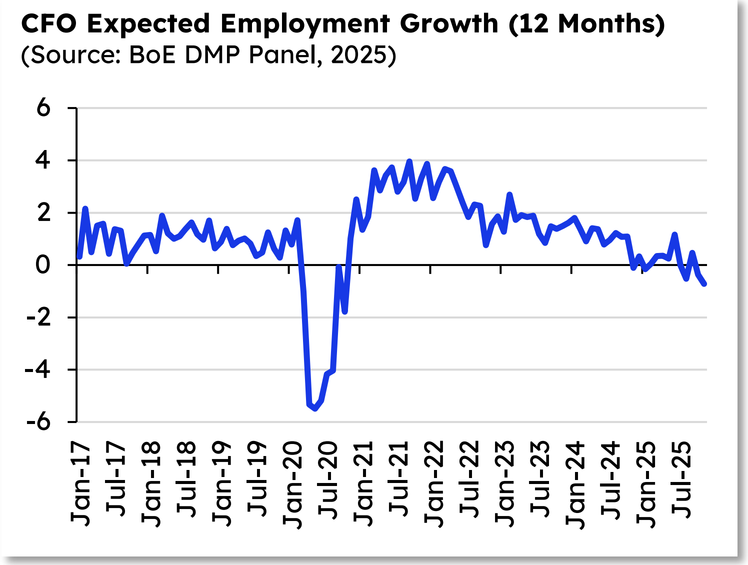
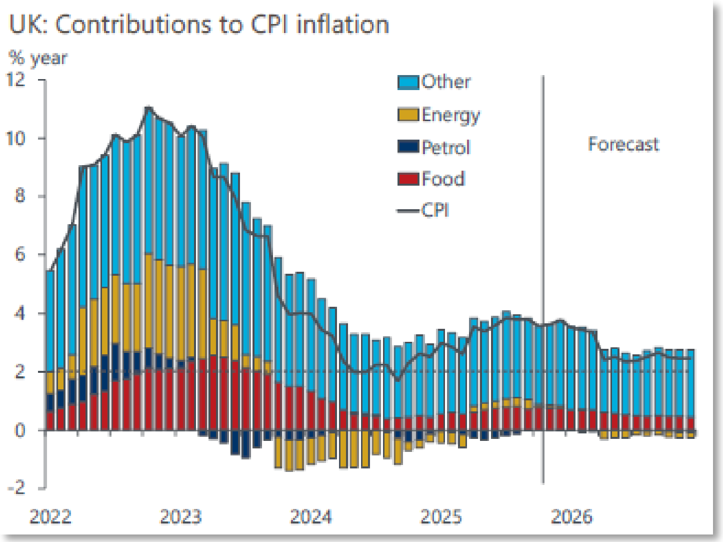
Conditions are expected to remain challenging thereby delivering RV benefit



OE expect UK GDP growth of around 1% in 2026, near the lower end of consensus. Growth is driven mainly by government spending, while private sector demand remains weak amid fragile confidence, slowing real income growth and subdued investment.



Labour market conditions remain challenging. Public sector hiring has masked earlier private sector weakness, but as government spending slows this support is expected to fade. OE expect unemployment to average just above 5% in 2026, with uncertainty around labour supply and cost pressures remaining elevated.

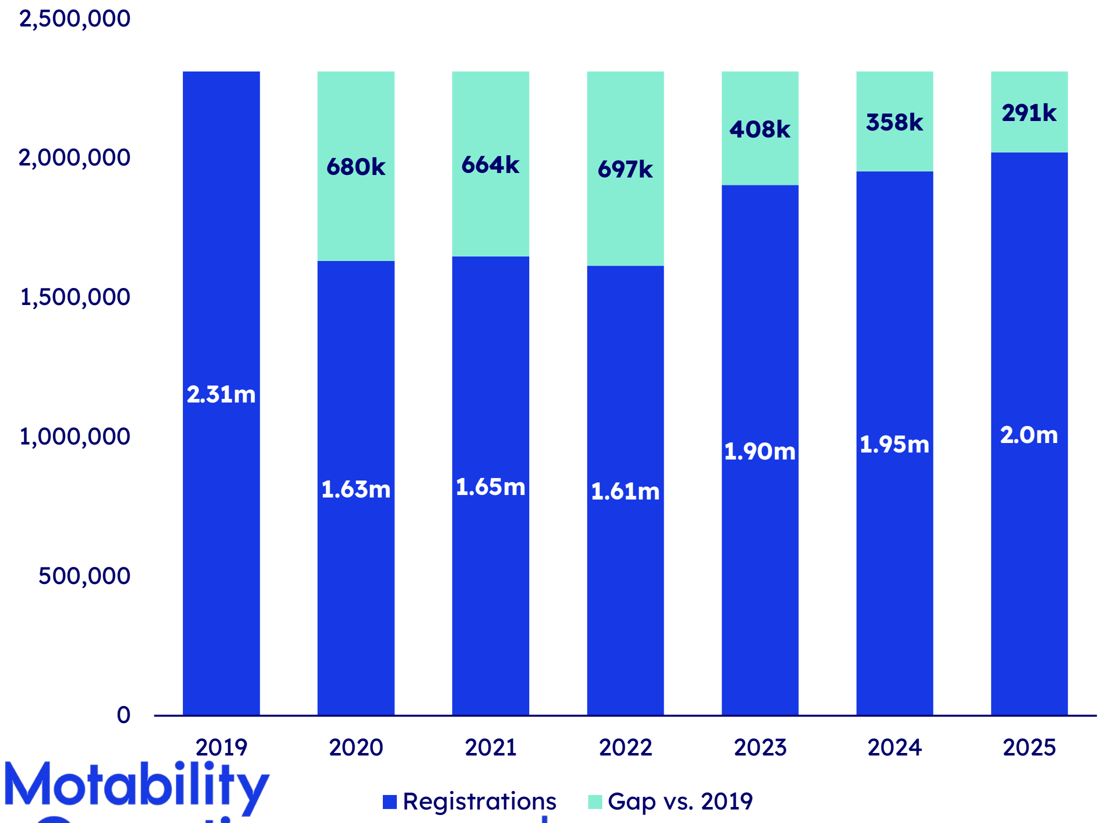


Inflation is expected to remain above 2% through 2026. While food and energy pressures are easing, services inflation remains sticky, driven by wage dynamics and regulated price increases. OE expect cautious MPC easing, with two 25bp cuts in 2026, ending the year at 3.25%.

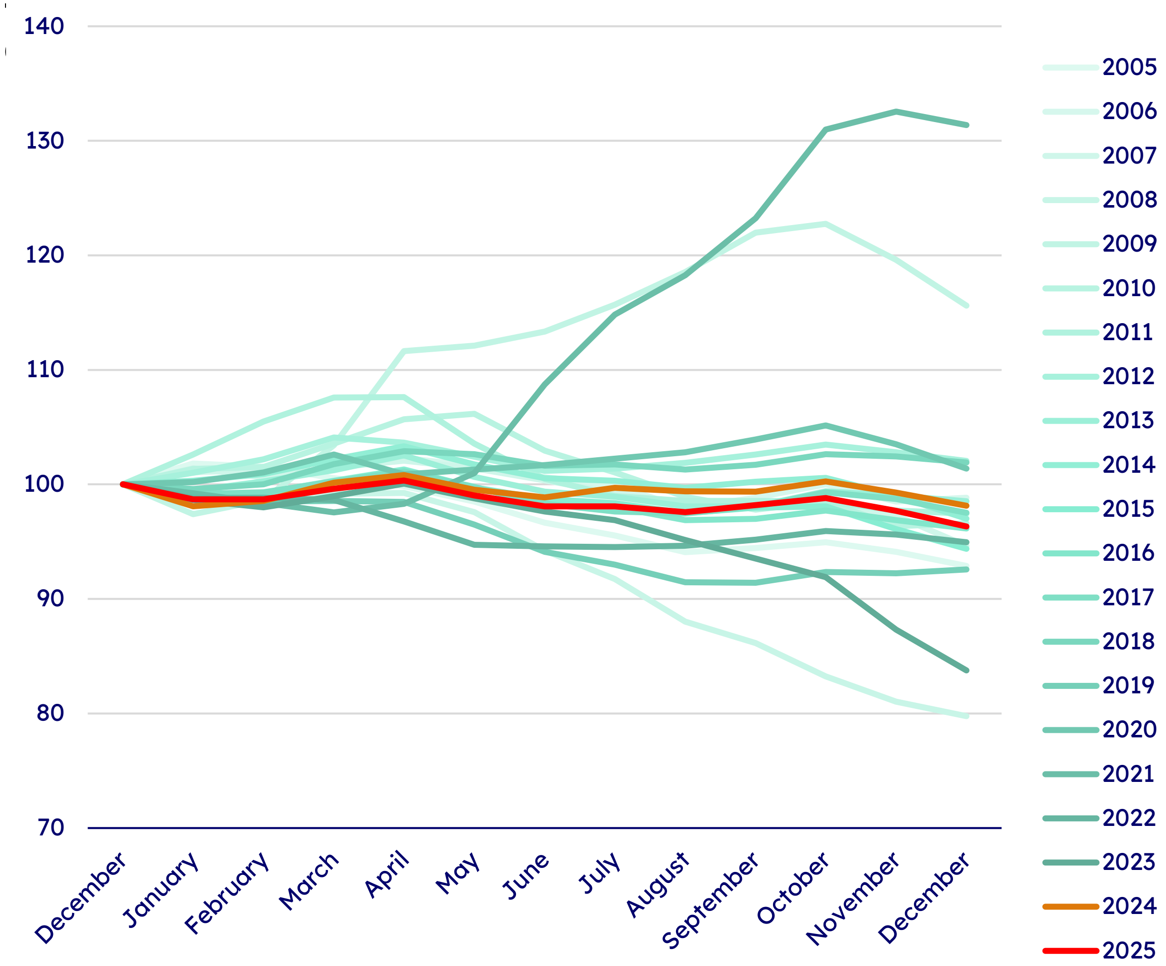
Low supply also supports market values

There are c.3m "lost registrations" in the UK over the past five years…

Annual UK New Car Registrations & Gap vs. Pre-Pandemic
(Source: SMMT, 2026)



These missing units have supported market values which were -3.5% vs. start of the year (vs. -5% Y/Y trend)



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Industry commentary highlights stable used car market

AutoTrader

"The used car market is showing remarkable resilience and is carrying some real momentum as we enter the closing quarter of 2025. Prices are growing, demand is robust, and cars are selling at pace, which should give retailers confidence for the months ahead. While the appetite for used cars is strong, sourcing remains the industry's Achilles' heel – especially for those reliant on younger stock. The growth in fleet sales over recent years means fewer cars are returning to the market via traditional routes, putting the squeeze on available supply and intensifying competition for the best cars."

cap hpi

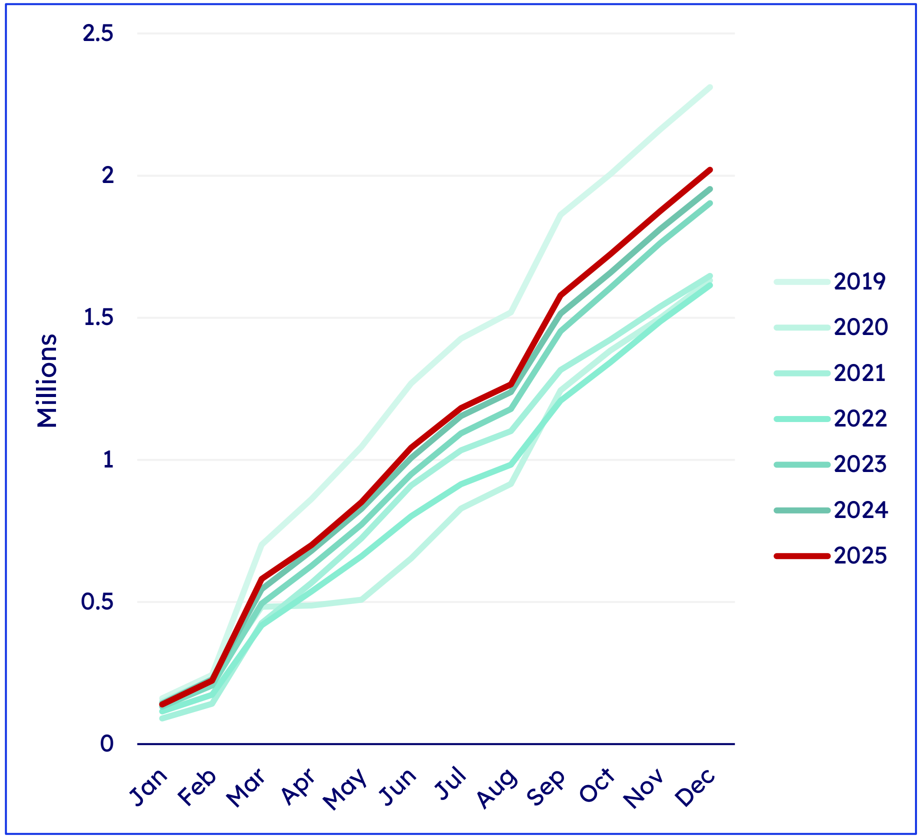
"October is expected to bring more volume into the wholesale market, driven by fleet returns and part-exchanges following September's new car activity. While that could apply some pressure to used values, it's unlikely to mirror the sharp drop we witnessed two years ago. As we head into the final quarter, there's always a degree of caution in the air, shaped by 2023's market realignment which saw values fall by 10.5% between October and December. That said, the outlook for the remainder of 2025 feels far more stable and in line with what happened last year."

percayso vehicleintelligence

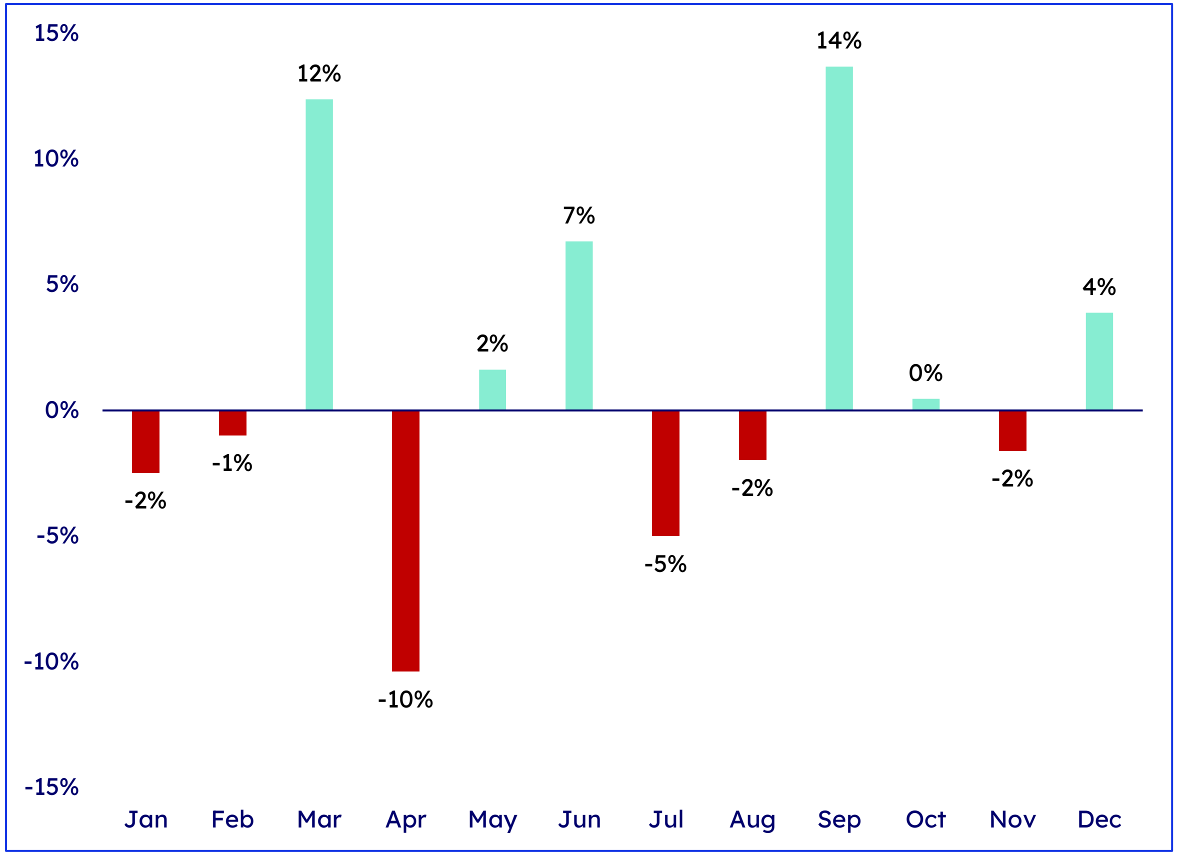
"The arrival of the new registration plate in September traditionally shifts the focus of franchise dealers toward new car sales. Yet, in a testament to its current robust health, the used car market not only resisted this pull but accelerated its growth. With trade values also on the rise, the market's strength is being underpinned by a simple economic reality: persistent shortages of three-year-old vehicles, a direct consequence of the lower new car registrations following the COVID-19 pandemic."

New car market recovery, below pre C19

Cumulative New Car Registrations – Annual Comparison
(Source: SMMT, 2026)



Y/Y Changes in Monthly New Car Registrations - 2025
(Source: SMMT, 2026)



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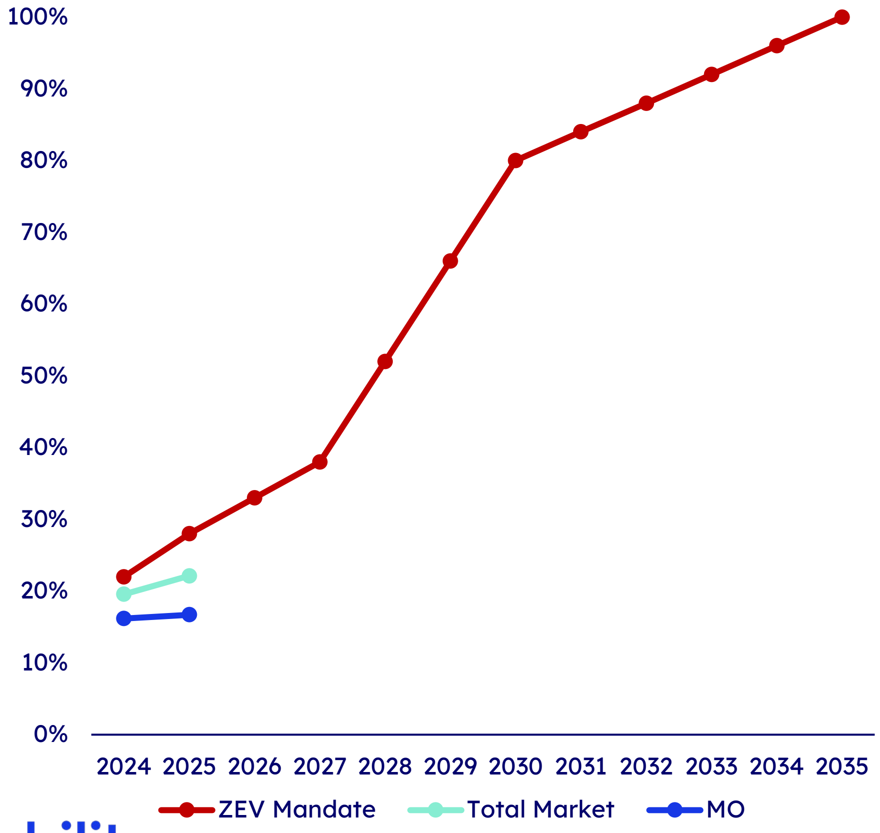
ZEV Mandate to change UK new car market

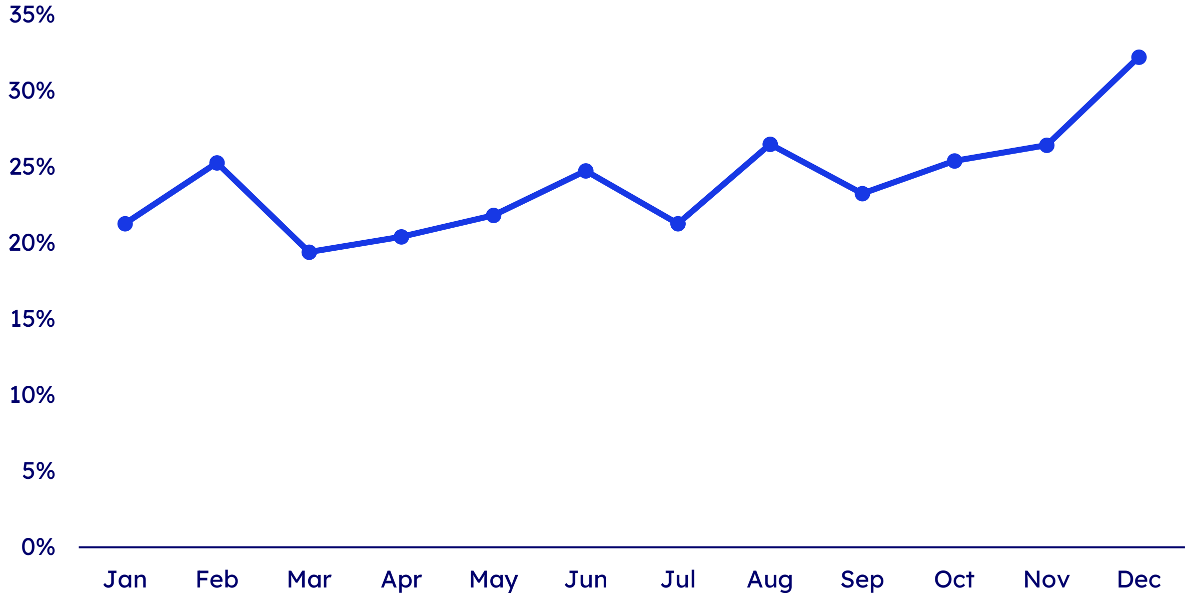
BEV Registrations vs. ZEV Mandate – UK Total Market & MO
(Source: DfT/SMMT, 2025)



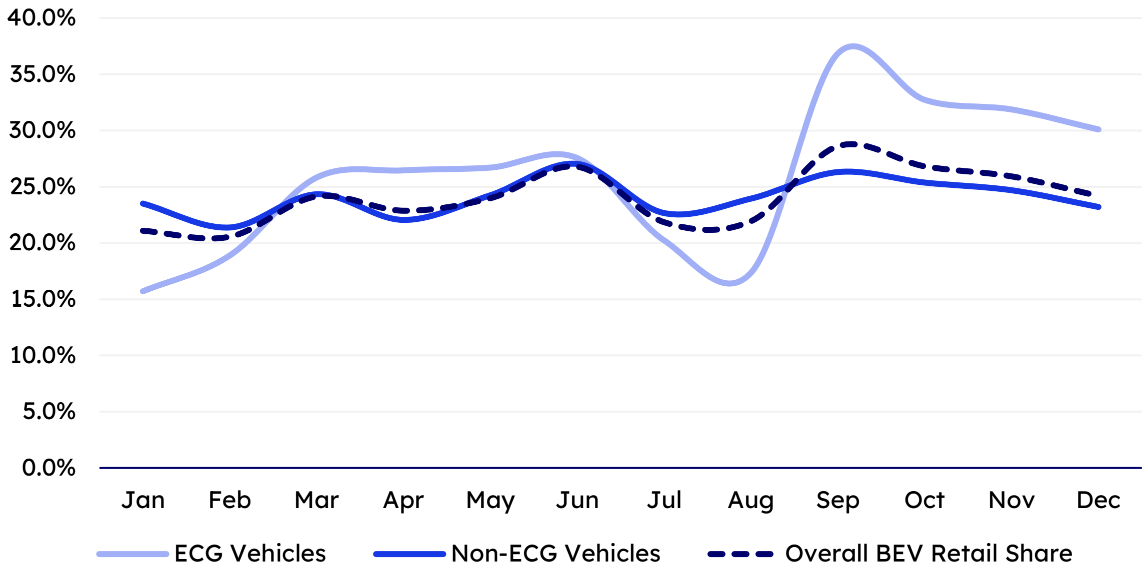
- The UK's Zero Emission Vehicle (ZEV) Mandate requires an increasing proportion of new car sales to be fully electric, rising to 80% by 2030 and 100% by 2035.
- 2025 EV sales were below the headline 28% target, as OEMs make use of flexibilities and credit trading mechanisms. However, these mechanisms reduce from 2026 and expire entirely after 2029, meaning manufacturers will need to accelerate compliance significantly.
- As a result, we expect to see rapid changes in product availability and powertrain mix, both in the UK and across Europe, as OEMs align their model pipelines with ZEV requirements and related EU emissions targets.
- This regulatory shift is likely to increase EV supply over the coming years, impacting both the new and used vehicle markets.

BEV demand improving, with ECG 'boost'

BEV New Car Market Share by Month - 2025
(Source: MO, 2026)



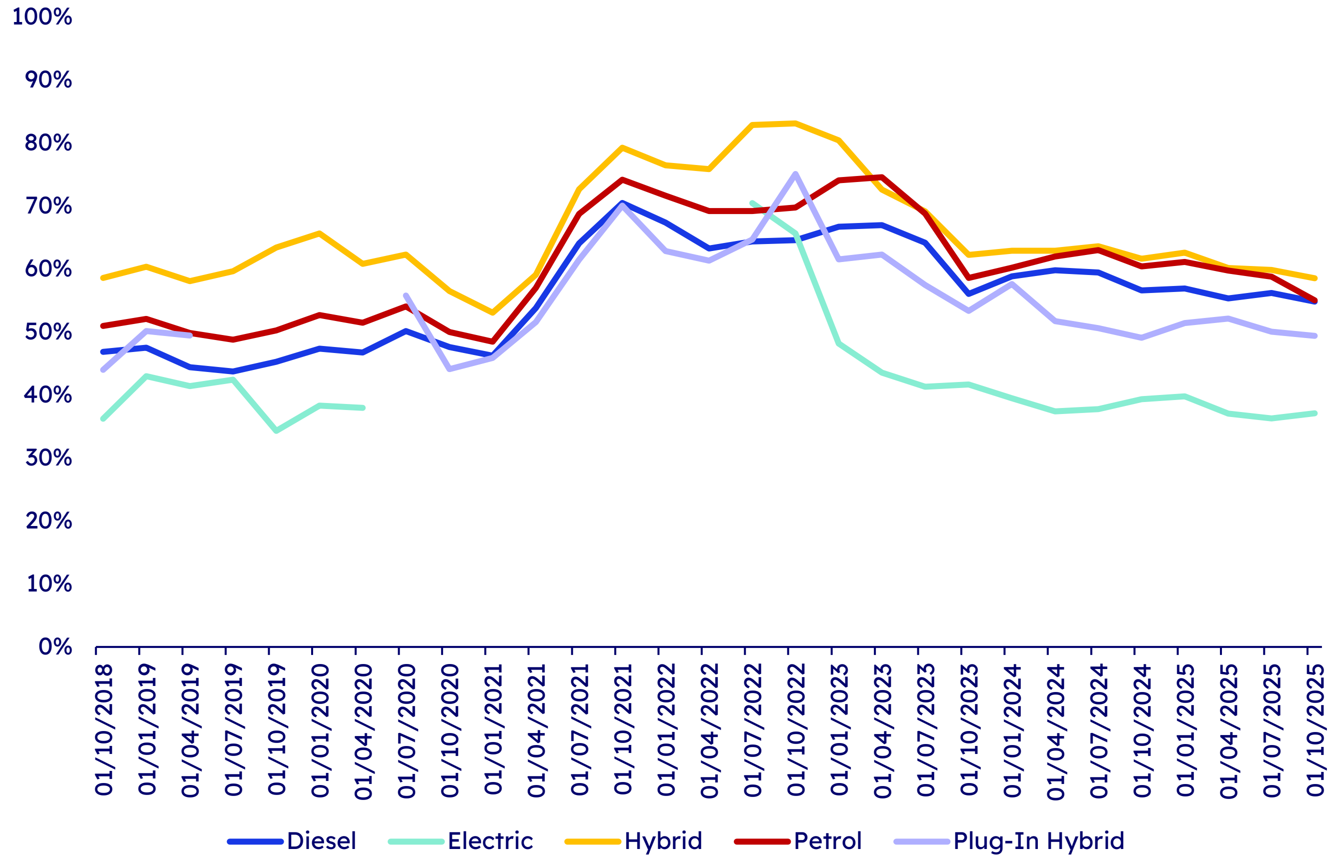
Retail share of ECG eligible vehicle vs non-eligible vehicles
(Source: SMMT, 2025)



- BEV registrations have strengthened since H1 2025, supported by recent manufacturer incentives and the introduction of the **Electric Car Grant (ECG)**.
- However, the **current ECG eligibility list covers only a small share of the BEV market**, and many OEMs are already offering their own incentives. The initial £650m grant has recently been increased to £1.9bn and is expected to run until 2029.

Residual values within historical levels

Expiry Sales as % of MRP by Fuel Type
(Source: MO, 2025)



Latest Residual Value Forecasts (Exp: 2029) - % of MRP by Fuel
(Source: MO, 2025)

49.5%
Diesel

36.5%
Electric

50.1%
Hybrid

49.0%
Petrol

47.9%
Plug-In Hybrid

Operating Environment

Insurance

Performance & Proposition

Performance

- Performance continues to improve into FY26
- The ‘incurred’ view of burn cost on repair claims (own damage and third party) is broadly in line with the priced premium
- Adverse factors include underlying inflation and pressure on 3rd party claim estimate offset by the positive outcome in latest reinsurance negotiations
- Repair cost inflation whilst much reduced remains a key market wide risk into 2026
- The external environment remains volatile, and whilst MO’s claim frequency is still relatively high it is reducing year-on-year.
- Pricing pressure is being actively managed through targeted proposition changes, including Drive Smart.

Proposition

- A number of risk management initiatives were delivered in FY25 to ensure Scheme insurance remains sustainable, affordable and appropriate. Premium savings reflected in current lease prices.
- From April, ‘emergency’ temporary driver changes are limited to four per year (up to five days each).
- Mid-lease intervention is under way, managing drivers with high claims frequency and/or removing high-risk drivers.
- Policy excess has increased to £250 from 01.10.25.
- Over 10k policies now include telematics, rewarding safe driving and showing early positive risk reduction. Rollout continues for under-30 drivers, new Scheme customers and high-claim policies regardless of age.
- Reduced claims frequency is now emerging. Further proposition changes to mitigate the impact of IPT will go live in July.

Operating Environment

Government Factors

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Timms Review Summary (PIP)

- The Government launched the Timms Review to ensure that Personal Independence Payment (‘PIP’) is fit for purpose and sustainable in the long-term, to support disabled people achieve better health, higher living standards and greater independence, including employment. Its priority is not to make cost savings
- The Review is due to report in Autumn 2026 – the Government has committed that there will be no changes to PIP eligibility, activity descriptors, or assessment rules for existing claimants until the review has reported
- The Government is committed to ensuring that Personal Independence Payment (PIP) is a non-means tested cash benefit which is there for people in and out of work, now and into the future
- PIP was first introduced in 2013 and has never been fully reviewed. There has been a doubling of spend on PIP from 2019/20 to 2025 (£11bn to £22bn) and the Government projection is that it could reach £30bn by 2030
- The Review will include consideration of:
    i. The role of PIP – as the future single gateway (due to the removal of ‘Work Capability Assessment’) to health-related and disability benefits – in enabling disabled people and those with long-term conditions to live independently and fully participate in society
    ii. The assessment criteria – including activities, descriptors and associated points – to consider whether these effectively capture the impact of long-term health conditions and disability in the modern world. The Review will consider both the Daily Living and Mobility elements of PIP
    iii. Whether any other evidence should be considered alongside the functional assessment to fairly reflect the impact of living with a long-term health condition or disability, including related to an individual’s personal circumstances and environment
    iv. How the PIP assessment could provide fair access to the right support at the right level across the benefits system
    v. What role the assessment could and should play in unlocking wider support to better achieve higher living standards and greater independence

Source: https://www.gov.uk/government/collections/the-timms-review

ZEV Mandate- Updates

Original ZEV Mandate – 2024

- Annual rising targets for EVs as a proportion of new sales — starting at 22% for cars in 2024, rising toward 80% by 2030 and 100% by 2035 (for cars & vans). These apply to battery-electric and other zero-emission vehicles.
- Manufacturers that fail to meet yearly targets face significant fines (e.g., up to ~£15,000 per non-compliant vehicle).

Changes Announced - May 2025

<u>Flexibility</u>
- Manufacturers can borrow allowances from future years up to 2029
- Transfer CO_2 reductions from non-ZEV vehicles
- ZEV cars can be used to help comply with van targets & ZEV vans can be used to help car targets offers greater cross-fleet flexibility for manufacturers operating in both segments

<u>Hybrid & ICE Transitions</u>
- Confirmed 2030 phase-out of pure petrol/diesel cars but allows full and plug-in hybrid cars to be sold until 2035
- ICE vans have permitted longer sales life through 2035, reflecting transition challenges in commercial vehicle markets.

Electric Car Grant Details - July 2025

Overview

- Government subsidy to lower upfront cost of new electric cars Applies automatically at point of sale (no buyer application needed) Total funding: £650 million (2025 – 2029)

Eligibility
New zero-emission car (0 g CO_2/km)
Minimum 100-mile range (WLTP)
RRP ≤ £37,000 (base model)
Manufacturer must hold Science Based Targets (SBTi) commitment
Meets minimum warranty: 8 yrs/100k miles battery, 3 yrs/60k miles vehicle

Grant Bands

Band 1 – up to £3,750:

Meets *higher sustainability and manufacturing standards*
Low-carbon battery and assembly processes
Weighted focus: ~70% battery production, ~30% vehicle assembly
Strong renewable-energy use and traceable supply chain

Band 2 – up to £1,500:

Meets *minimum sustainability requirements*
Eligible but not at highest sustainability tier

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