Investor Update

12th June 2025

Motability Operations group plc

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1. H1 Financial Update

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Half Year Report 2025

H1 FY25 Key Highlights

Customer footprint:
The customer fleet stood at 860,000 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.

Used car values:
Remained stable, leading to minimal residual value adjustments and a small profit on vehicle disposals.

Statutory result:
Reported pre-tax loss of £144.6m, including £142.5m of investment in completed customer support programmes (NPV and EV).

Underlying result:
Pre-tax loss of £75.3m, reflecting ongoing inflationary pressures, particularly in insurance and in-life vehicle services.

Lease pricing discipline:
New leases continue to be priced to deliver a minimum 1.5% return on asset following the end of customer support programmes.

Strengthened funding:
Raised £1.5bn in new financing through Social Bonds in January 2025 to allow us to continue to connect disabled people to freedom and independence through our fleet.

Capital position:
Capital reserves stood at £3.9bn at March 2025 – maintaining a strong 25% capital-to-asset ratio.

Customer Satisfaction and Service

- Customer satisfaction remains high. On average, across our Scheme customers, overall satisfaction with the Scheme is 9.4 out of 10**
- Ongoing investment in digital services and frontline support to improve accessibility and user experience

Supporting access to Wheelchair Accessible Vehicles (WAVs)

- 35,000 WAVs currently on the Motability Operations fleet
- £80m invested to reduce pricing pressures for WAVs in FY24
- Reveal of eVITA, the UK's first electric WAV concept demonstrator vehicle, developed with CALLUM
- Collaboration with Kia informed the development of the PV5 WAV variant, the first of its kind from a car manufacturer

Customer Reach and Impact

- 860,000 customers currently lease a vehicle through the Motability Scheme
- £11.2bn estimated social value delivered in 2022/23 (Oxford Economics*)
- 21% of customers surveyed reported improved job opportunities as a result of joining the Scheme

Economic Contribution

- £4.3bn annual contribution to the UK economy (Oxford Economics*)
- 34,000 jobs supported across the UK, through direct employment and the broader automotive supply chain (Oxford Economics*)

* 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.

** Ipsos interviewed 5572 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.

Income Statement

For the six months ended 31st March 2025

	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Revenue	**3,555.7**	**3,310.8**
Net operating costs excluding charitable donations	(3,450.9)	(3,421.0)
Charitable donations	(0.1)	-
Net operating costs	**(3,451.0)**	**(3,421.0)**
Profit/(loss) from operations	104.7	(110.2)
Finance costs	(249.3)	(150.5)
Loss before tax	**(144.6)**	**(260.7)**
Taxation		
Taxation excluding the impact of changes in the UK corporation tax rate	43.9	77.2
Loss for the period	**(100.7)**	**(183.5)**
Gains/(losses) on movements in fair value of cash flow hedging derivatives	28.0	(64.5)
(Losses)/gains on cash flow hedges reclassified to the income statement	(35.7)	30.1
Tax relating to components of other comprehensive income	1.9	8.5
Other comprehensive loss for the period, net of tax	**(5.8)**	**(25.9)**
Total comprehensive loss for the period	**(106.5)**	**(209.4)**

Underlying Profitability

	Note	Six months ended 31 March 2025 £m	Six months ended 31 March 2024 £m
Loss before tax		**(144.6)**	**(260.7)**
Adjusting items			
New Vehicle Payment incentives	4	**100.6**	**66.1**
EV investment		**41.9**	**22.6**
Charitable donations	5	**0.1**	**-**
Residual value adjustments			
(Gains)/Losses from disposal of fully terminated leases	16	(15.0)	26.4
Residual value adjustments	6	1.3	(106.5)
Impairment of assets/(reversal)	9	(59.6)	231.9
Total residual value adjustments		**(73.3)**	**151.9**
Underlying loss before tax		**(75.3)**	**(20.1)**

Investments to support customers: The Electric Vehicle (EV) & New Vehicle Payment (NVP) customer support programmes concluded in late 2024, but the cost of funding them (HY25: £142.5m; HY24: £88.7m) continues to impact the P&L.

RV Adjustments

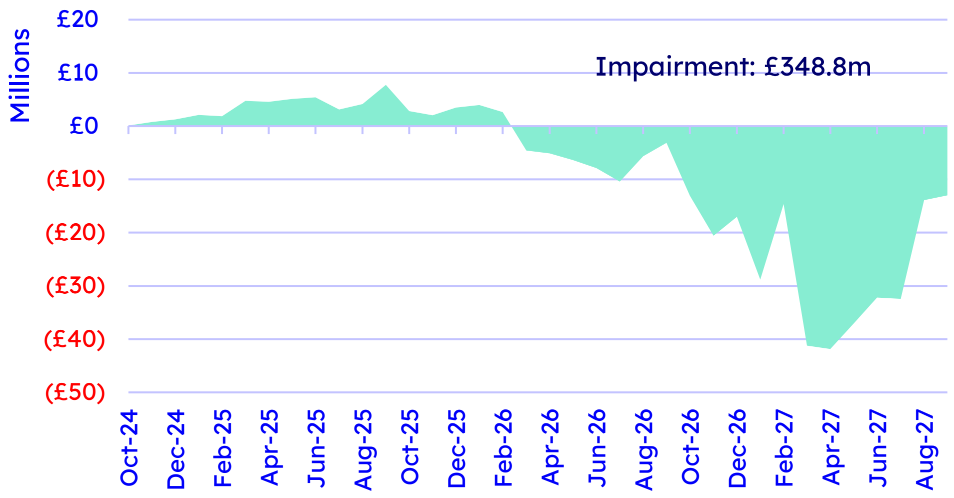
- Disposal profitably was marginally (£15.0m) ahead of expectations.
- The FY24 revaluation anticipated a fleet surplus versus the original priced RV (with surpluses for 2025-2026 expiries & partially offsetting exposures for 2027 expiries). This outlook has remained relatively unchanged with an £248.6m surplus anticipated across the fleet, resulting in an immaterial RV Adjustment charge of £1.3m (HY'24: £106.5m gain).
- Impairment: The FY'24 Impairment provision of £348.8m has unwound by a net £59.6m in HY25 (HY24: 231.9m charge).

Underlying Profitability

2024 Recap - Impairment & Customer Support (Graphs initially highlighted in January 2025 Investor presentations)

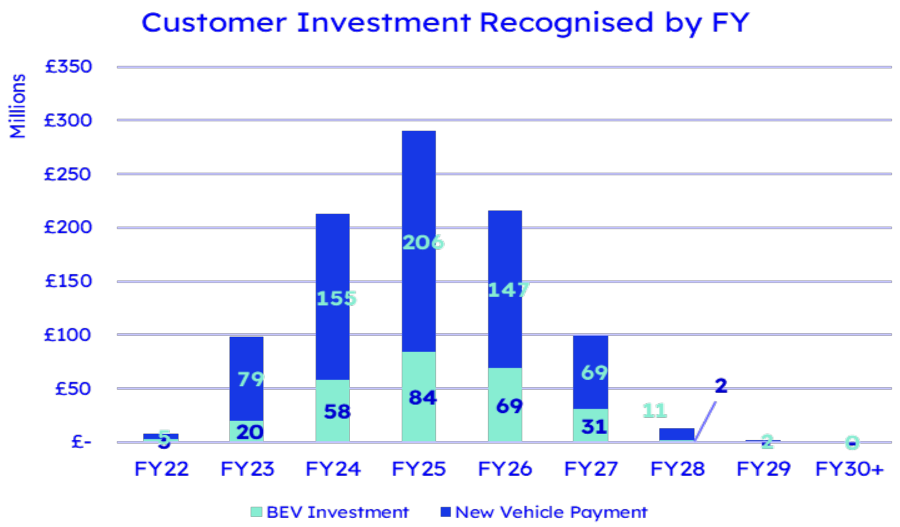
A full Impairment Charge of £348.8m was recognised in FY24, as required under accounting rules.

As already noted a 'write-back' of this impairment (£59.6m) occurred in the half year which reduced the depreciation charge reported.



Customer investments recognised in the period were £142m in line with forecast amounts for the full year.

These amounts reduce at c.£100m p.a. over FY25-FY27.



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Balance Sheet

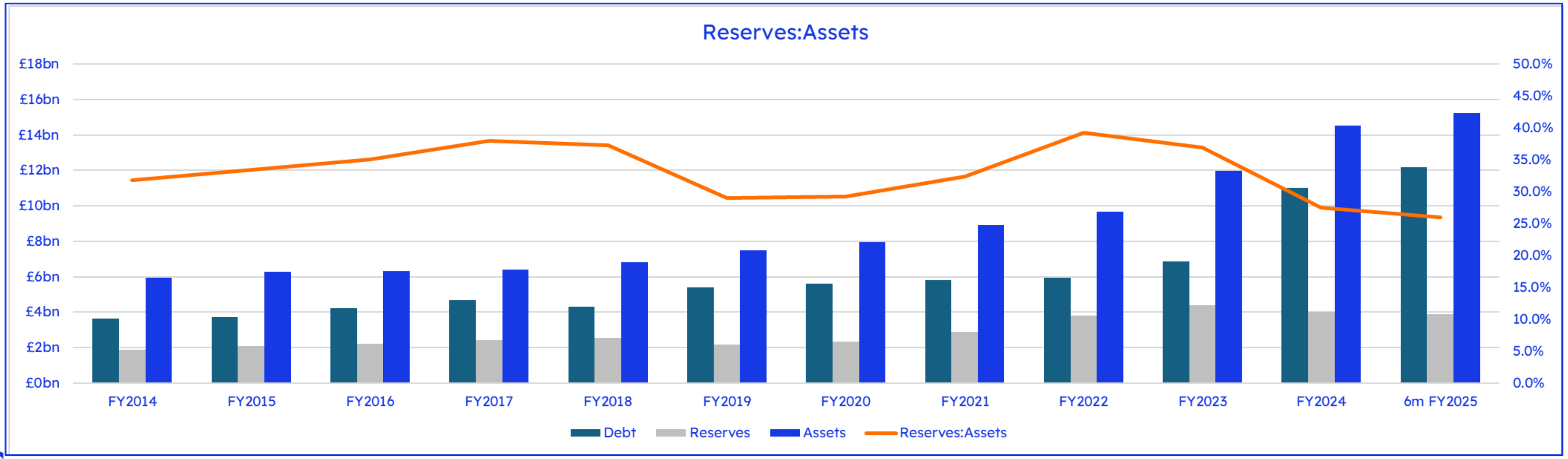
	31-03-2025	30-09-2024	31-03-2024
	£m	£m	£m
Assets			
Non-current assets			
Intangible assets	**23.6**	30.7	39.4
Property, plant and equipment	**92**	85.8	69.1
Assets held for use in operating leases	**15,253.80**	14,295.30	13,018.00
Financial assets at amortised cost	**111.2**	136.9	228.7
Prepayments, trade and other receivables	**172**	187.9	175.9
Derivative financial instruments	**1.8**	-	-
	15,654.40	14,736.60	13,531.10
Current assets			
Corporation tax receivable	**68.4**	95.7	85.9
Inventories	**249.3**	226.5	275.6
Financial assets at amortised cost	**55.6**	93	21.3
Cash and bank balances	**1,504.20**	1,319.60	440.8
Insurance receivables	**130.3**	128.1	115.2
Prepayments, trade and other receivables	**778.7**	733.9	684.7
Reinsurers' share of insurance provisions	**616.3**	531.1	569.2
Derivative financial instruments	**-**	0.6	1.6
	3,402.80	3,128.50	2,194.30
Total assets	**19,057.20**	17,865.10	15,725.40

	31-03-2025	30-09-2024	31-03-2024
	£m	£m	£m
Liabilities			
Current liabilities			
Deferred rental income	**-394.4**	-326.9	-272.6
Provision for customer rebates	**-31.2**	-31.7	-30.4
Insurance payables	**-116.5**	-103.7	-107.2
Trade and other payables	**-334.3**	-337.5	-345.7
Provision for insurance claims outstanding	**-838.8**	-744.5	-732.1
Financial liabilities	**-781.9**	-682.8	-634.7
Derivative financial instruments	**-33**	-16.5	-5.6
	-2,530.10	-2,243.60	-2,128.30
Net current assets/(liabilities)	**872.7**	884.9	66
Non-current liabilities			
Deferred rental income	**-673.2**	-608.2	-480.8
Provision for customer rebates	**-49.1**	-40.5	-31.3
Financial liabilities	**-11,410.90**	-10,383.40	-8,300.20
Derivative financial instruments	**-102.9**	-146.2	-82.6
Deferred tax liabilities	**-391.5**	-437.2	-489.7
	-12,627.60	-11,615.50	-9,384.60
Total liabilities	**-15,157.70**	-13,859.10	-11,512.90
Net assets	**3,899.50**	4,006.00	4,212.50
Equity			
Ordinary share capital	**0.1**	0.1	0.1
Hedging reserve	**7.5**	13.3	-13
Restricted reserves	**3,891.90**	3,992.60	4,225.40
Total equity	**3,899.50**	4,006.00	4,212.50

Balance Sheet and Key Ratios

Balance Sheet Performance	2018	2019	2020	2021	2022	2023	2024	6m to 31.03.2025
Operating Lease Assets (£m)	6,829	7,496	7,952	8,791	9,564	11,721	14,295	15,254
Financial Liabilities (£m)	-4,293	-5,405	-5,587	-5,847	-5,986	-7,088	-11,066	-12,193
Retained Reserves (£m)	2,542	2,172	2,322	2,881	3,804	4,409	3,993	3,892
Reserves : Assets *	37%	29%	29%	33%	40%	38%	28%	25%
Total Assets : Total Debt	1.88	1.63	1.59	1.70	1.96	1.82	1.57	1.50
Average Debt Maturity	7.9 yrs	8.7 yrs	7.8 yrs	7.9 yrs	8.5 yrs	9.9 yrs	10.4 yrs	10.6 yrs
Customer Numbers 000's	626	631	635	649	652	710	815	860

**Calculated as Retained Reserves/Operating Lease Assets*



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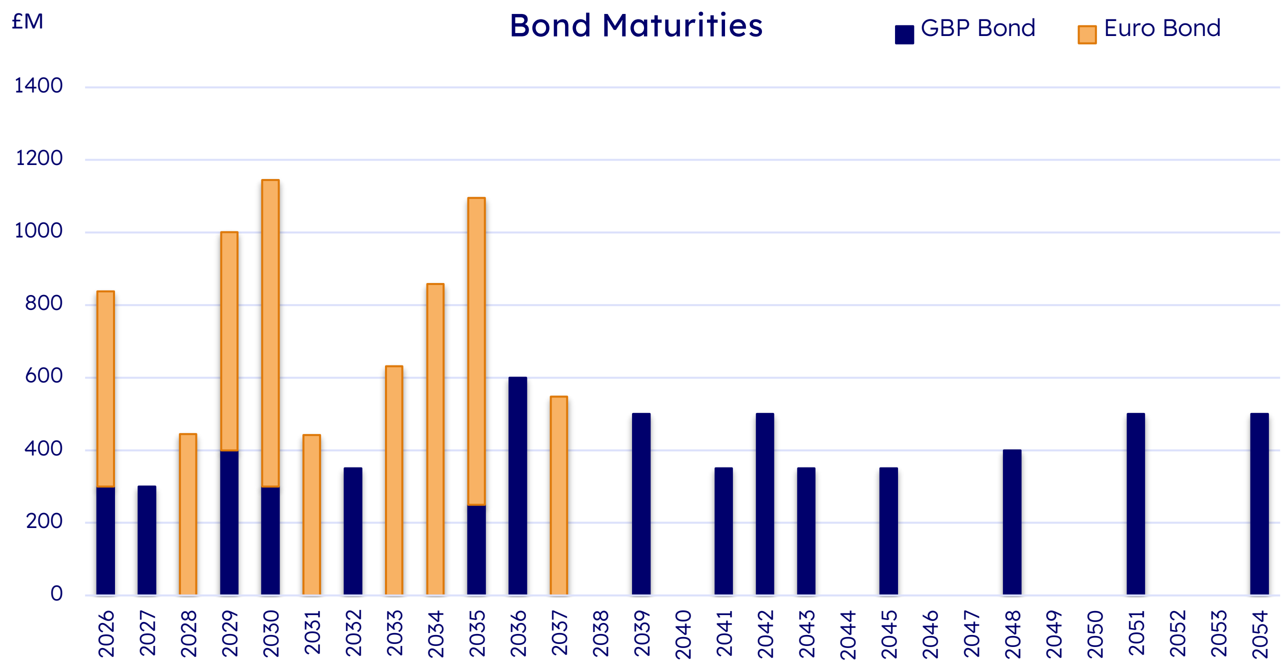
Funding and Refinancing



All bonds issued under the Group's £15bn EMTN programme.

The Group also benefits from the committed £400m Term Loan and £1,500m RCF which expire in October 2029.

A £100m bilateral working capital facility matures in June 2027.

As at 31st March 2025 available cash balances were c.£1.3bn (reported Group balance of £1.5bn includes cash held by the Group's reinsurance captive on the Isle of Man)

As the year progresses cash consumption is anticipated. Looking into 2026 two bonds fall due (€600m in January, £300m in July) and further modest incremental funding maybe required, caveat that estimates are subject to welfare reform, customer numbers and other economic factors.

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2. Welfare Reform

Green Paper

- The ***Pathways to Work: Reforming Benefits and Support to Get Britain Working*** Green Paper was published on 18th March 2025.

- The subsequent Spring Statement of 26th March 2025 confirmed that the mobility components of disability allowances were not in scope. It also confirmed that the Personal Independence Payment will remain a non-means tested benefit and will be uprated in line with CPI as in previous years.

- It is believed that c.25% of recipients of higher rate mobility allowances also receive the daily living component (DLC). As such in cases where customers lose the DLC component following a reassessment the impact on household incomes could prompt a proportion of MO's customers to leave the Scheme as customers need to repurpose the cash value of the allowance as a replacement for the lost DLC amount.

Timms Review

- The Government did commit to review the PIP assessment process at the time of the Green Paper on the basis that it needed modernising. This review is being led by Rt Hon Sir Stephen Timms.
- The Terms of Reference for the review have not yet been published. As a result, there remains uncertainty regarding the focus of the review and how proposed welfare reform could evolve following its conclusions.
- Eligibility Criteria – as of November 2026, claimants must score at least four points in one activity to qualify for the daily living component. Previously, points could be spread across multiple activities.
- In-person assessments – these are set to increase from Autumn 2025 as part of the Functional Assessment Services (FAS) model.
- Mobility elements of allowances have already been identified for attention
    - Journey Planning Criteria: Is the current scoring system appropriate?
    - Physical Mobility Assessments: Reviewing how walking distance thresholds impact eligibility for the mobility component.
    - Mental Health Considerations: Examining whether psychological distress is adequately factored into eligibility.

Welfare Reform Impact

The current lack of detail over proposed welfare reform means modelling scenarios is challenging, however indicators point to a reduction in the eligible base.

The Group has no additional insight or knowledge over future Welfare Reforms other than that which is already publicly available

Impact of a hypothetical reduction in customer numbers:

- The table considers a straight-line 10% reduction in customer numbers over 3 years, using current pricing, residual value rates and a target RoA of 1.5%.
- This pivots from the published 2025 Half Year financials

The financial consequences of this model shows debt levels declining and key ratios strengthening. As noted however, scenarios are highly sensitive to multiple factors and actual results could be significantly different.

This example is for illustrative purposes only and must not be relied upon as a forecast, company view, indication or any other form of anticipated outcome.

Regardless of financial consequences, for customers losing access to the Scheme is likely to be hugely impactful on their day-to-day lives.

Fleet Movements '000	H1 25*	Y1	Y2	Y3
Fleet b/f		860	830	802
Additions	287	257	258	259
Disposals		-287	-287	-287
Fleet c/f	860	830	802	774

Balance Sheet £m	H1 25	Y1	Y2	Y3
OL Assets	15,254	14,660	14,127	13,651
Funding **	11,887	11,061	10,303	9,611
Reserves	3,892	4,124	4,348	4,565

Balance Sheet Ratios	H1 25	Y1	Y2	Y3
Debt:Capital	3.05	2.68	2.37	2.11
Debt:Assets	78%	75%	73%	70%
Reserves:Assets	26%	28%	31%	33%

* Opening Balances Sourced From MOG PLC Half Year Report 2025

** Funding £11,887m = Bonds £502.3m, £10,985.5m and bank debt £399m

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3. Fleet Considerations

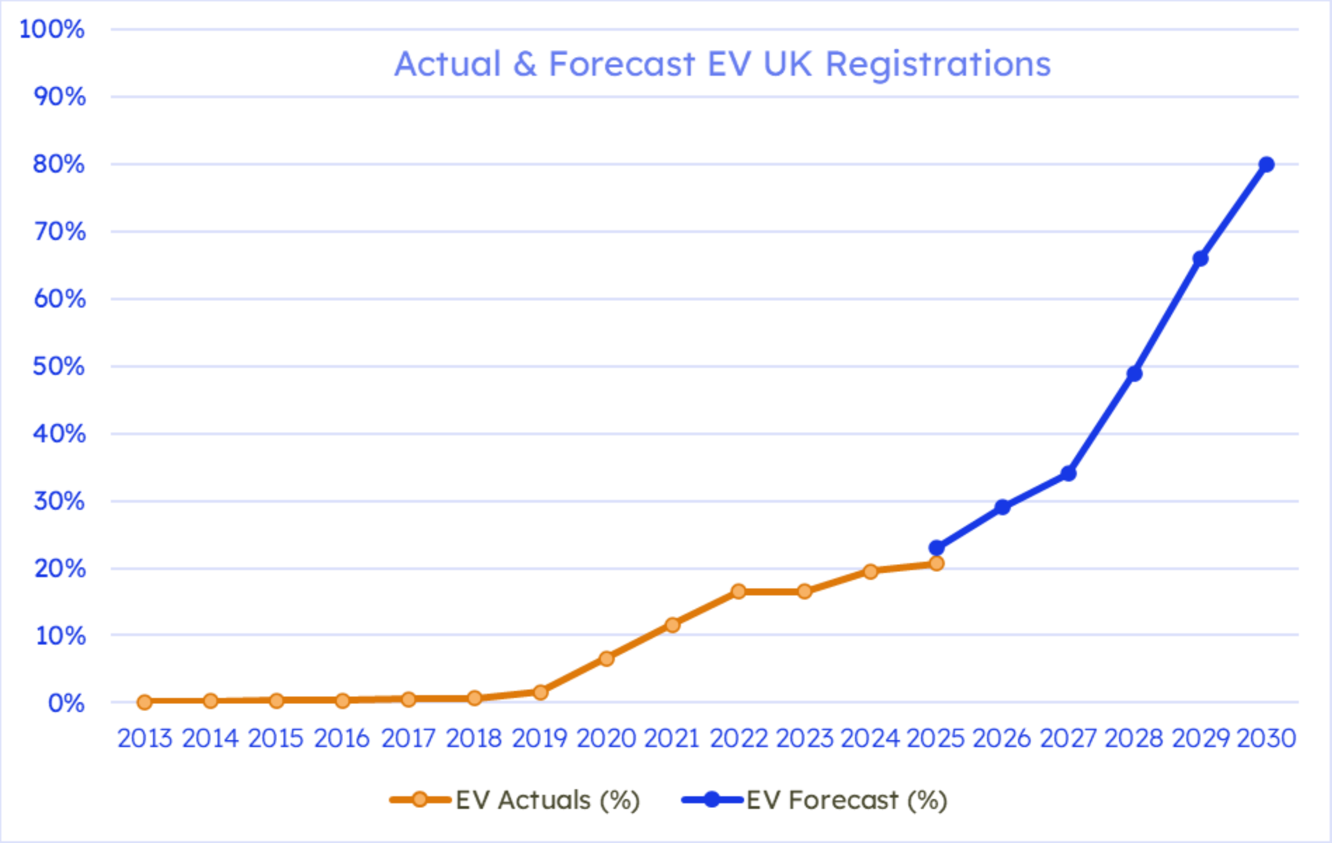
ZEV Mandate

The Zero Emission Vehicle (ZEV) mandate requires car manufacturers to sell a certain percentage of zero-emission vehicles (ZEVs) each year. Starting in 2024, 22% of new cars sold must be zero-emission vehicles, with this percentage increasing each year. By 2030, 80% of new cars must be zero-emission, and by 2035, 100% of new cars sold must be zero-emission.

Following the initial mandate announcement changes to the ZEV mandate were announced on 7th April 2025.

In summary:

- Hybrid vehicle sales extended to 2035
- ICE vans allowed until 2035
- Credit swaps available *(OEMs can transfer credits between different vehicle types)*
- Reductions in fines by £3,000 per unit.



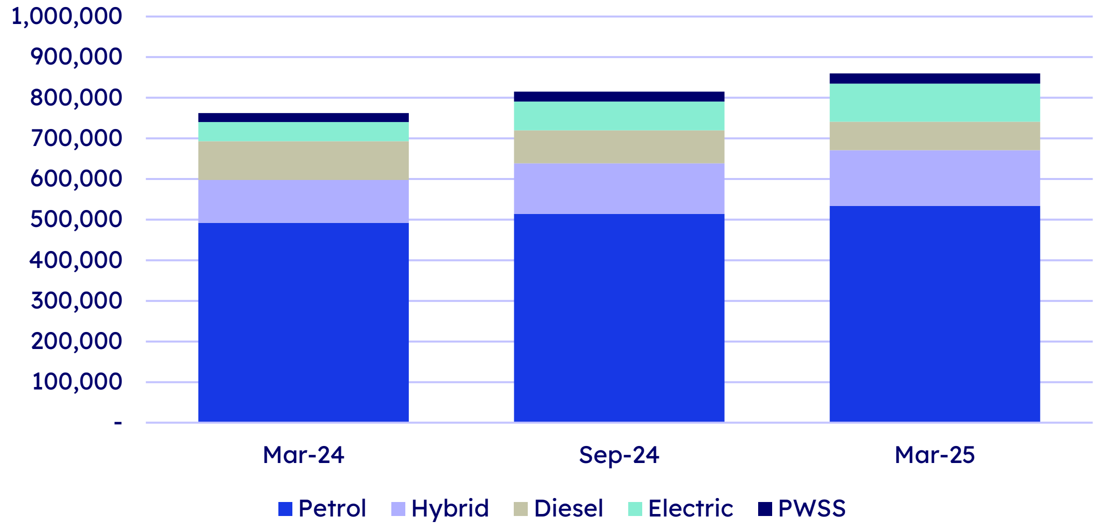
Sources: Actual new car registration data is from the Society of Motor Manufacturers and Traders (SMMT). Forecasted electric vehicle market share is based on Motability Operations' internal projections, aligned with the Department for Transport's Zero Emission Vehicle (ZEV) Mandate trajectory from 2029. All data sourced and correct as of June 2025.

Fleet Composition

Fleet composition show strong growth in EVs as diesel run-off continues. Continuing expansion of EV ranges and derivatives will add further stimulus to electric transition.

EV applications for April 2025 comprised 17% of all applications. EV percentage of customer order pipeline was also 17%.

Fleet Composition



	Mar 24 %	Sep 24 %	Mar 25 %	Y-o-Y Change
Diesel	12.5	10.0	8.1	65%
Electric	6.2	8.8	11.0	176%
Hybrid	13.8	15.2	16.0	116%
Petrol	64.5	63.1	62.1	96%
PWS	3.0	3.0	2.9	97%

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Residual Values Stabilise

Monthly % movements in Live valuations (3-years, 60k miles) – **June 2025 figure depicts May 2025's Cap Live.***

The graph illustrates how following a comparatively sharp fall in Q3 2023 residual values stabilised through 2024 and have remained largely consistent into 2025.

Given the seasonality that exists in used car values 2025, and to a lesser extent 2024 values, have out-performed previous years.

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* https://www.cap-hpi.com/wp-content/uploads/2025/05/Car-Market-Overview-June25.pdf?_gl=1*1o5yo4l*_up*MQ..*_ga*NTkyODI0NjA0LjE3NDg4NTY5MjU.*_ga_36FQPZVL9Q*czE3NDg4NTY5MjQkbzEkZzEkdDE3NDg4NTY5MjYkajU4JGwwJGgw

4. Credit Ratings

Financial Ratings

S&P Global Ratings A-, Stable

- S&P revised their long-term issuer rating in May 2025 to A-, Stable.
- S&P noted the Group's exposure to used-car price volatility and a more gradual return to financial performance as key rating determinants.
- S&P commented that the Group benefits from a strong business profile, and one which is stronger than peers.
- S&P highlighted that Capital Management is stricter than in a regulated environment and as such is a positive credit differentiator.

Moody's A2, Stable

- Moody's adjusted their rating of the Group to A2, Stable in December 2024.
- Moody's noted how customer support decisions will impact pricing although has emphasised that these initiatives were fully costed, finite and targeted.
- The gradual recovery was also an influencing factor.
- The Group's solid capital base was a positive factor.
- An additional strength highlighted was the Group's strong liquidity position.

The Group recognises the importance of retaining strong investment grade ratings and continues to have detailed dialogue with the agencies. The Executive team are targeted to maintain credit ratings at a minimum of single-A

Questions

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